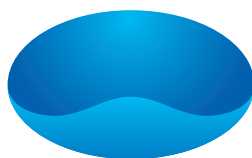


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CHINA HUIRONG FINANCIAL HOLDINGS LIMITED

中國匯融金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1290)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	RMB'000	%
Operating Results			
Operating income	658,798	653,131	1%
Operating cost	382,374	408,467	-6%
Profit attributable to owners of the Company	50,485	46,451	9%
Basic earnings per share (expressed in RMB)	0.046	0.043	7%
	As at 31 December		
	2024	2023	Change
	RMB'000	RMB'000	%
Financial Position			
Total assets	3,504,127	3,300,657	6%
Total liabilities	1,301,438	1,135,039	15%
Loans to customers	2,517,986	2,309,546	9%
Cash at bank and cash on hand	147,893	142,427	4%
Net assets	2,202,689	2,165,618	2%

The board (the “**Board**”) of directors (the “**Directors**”) of China Huirong Financial Holdings Limited (the “**Company**” or “**China Huirong**”) hereby announces the audited annual results of the Company and its subsidiaries (together, the “**Group**” or “**we**”) for the year ended 31 December 2024 (the “**Reporting Year**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(All amounts in RMB thousands unless otherwise stated)

	<i>Note</i>	2024	2023
Interest income	5	327,334	279,576
Sales of goods	6	328,380	371,643
Consultancy fee income		2,699	1,004
Commission fee income		385	908
Operating income		658,798	653,131
Interest expense	7	(56,734)	(40,738)
Costs of sales	6	(325,640)	(367,729)
Operating cost		(382,374)	(408,467)
Net investment (losses)/gains	8	(7,954)	1,797
Credit impairment losses	9	(103,456)	(84,874)
Net gains on derecognition of financial assets measured at amortised cost	10	2,316	—
Other operating income	11	12,443	9,463
Net operating income		179,773	171,050
General and administrative expenses		(82,752)	(80,741)
Other losses, net	12	(1,008)	(891)
Operating profit		96,013	89,418
Share of profit of an associate accounted for using the equity method	18	—	2,243
Profit before income tax		96,013	91,661
Income tax expense	13	(24,987)	(24,997)
Profit for the year		71,026	66,664

	<i>Note</i>	2024	2023
Profit for the year is attributable to:			
— Owners of the Company		50,485	46,451
— Non-controlling interests		<u>20,541</u>	<u>20,213</u>
Earnings per share (expressed in RMB)			
— Basic earnings per share	<i>14(a)</i>	0.046	0.043
— Diluted earnings per share	<i>14(b)</i>	<u>0.046</u>	<u>0.043</u>
Other comprehensive income for the year, net of tax		<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u>71,026</u>	<u>66,664</u>
Total comprehensive income for the year is attributable to:			
— Owners of the Company		50,485	46,451
— Non-controlling interests		<u>20,541</u>	<u>20,213</u>
		<u>71,026</u>	<u>66,664</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(All amounts in RMB thousands unless otherwise stated)

	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	16	51,562	53,274
Right-of-use assets	17	15,709	15,690
Investments accounted for using the equity method	18	2,132	5,374
Investment properties	19	169,746	186,473
Intangible assets		514	608
Loans to customers	20	262,532	206,970
Finance lease receivables	21	26,536	35,024
Deferred income tax assets	22(a)	103,374	93,720
Other non-current assets		<u>3,836</u>	<u>1,639</u>
Total non-current assets		<u>635,941</u>	<u>598,772</u>
Current assets			
Inventories		2,519	1,412
Other current assets		51,999	70,135
Commission fee receivables		—	15
Loans to customers	20	2,255,454	2,102,576
Financial assets held under resale agreement	24	217,863	200,015
Finance lease receivables	21	72,599	69,729
Financial assets at fair value through profit or loss	25	119,859	115,576
Cash at bank and cash on hand	26	<u>147,893</u>	<u>142,427</u>
Total current assets		<u>2,868,186</u>	<u>2,701,885</u>
Total assets		<u><u>3,504,127</u></u>	<u><u>3,300,657</u></u>

	<i>Note</i>	2024	2023
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	8,662	8,662
Share premium	28	604,478	604,478
Other reserves	28	587,239	587,239
Retained earnings	29	<u>713,240</u>	<u>682,650</u>
		1,913,619	1,883,029
Non-controlling interests		<u>289,070</u>	<u>282,589</u>
Total equity		<u><u>2,202,689</u></u>	<u><u>2,165,618</u></u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	1,964	1,325
Borrowings	30	334,000	351,600
Deferred income tax liabilities	22(b)	<u>18,971</u>	<u>22,036</u>
Total non-current liabilities		<u>354,935</u>	<u>374,961</u>
Current liabilities			
Other current liabilities	31	139,598	146,171
Current income tax liabilities		29,627	26,380
Amounts due to related parties		633	633
Dividends payable		1,261	2,161
Lease liabilities	17	1,801	2,114
Borrowings	30	<u>773,583</u>	<u>582,619</u>
Total current liabilities		<u>946,503</u>	<u>760,078</u>
Total liabilities		<u><u>1,301,438</u></u>	<u><u>1,135,039</u></u>
Total equity and liabilities		<u><u>3,504,127</u></u>	<u><u>3,300,657</u></u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(All amounts in RMB thousands unless otherwise stated)

	Attributable to owners of the Company					Non-	
	Share	Share	Other	Retained	Total	controlling	Total
	capital	premium	reserves	earnings		Interests	equity
	(note 27)	(note 28)	(note 28)	(note 29)			
At 1 January 2023	8,662	604,478	593,122	666,325	1,872,587	238,743	2,111,330
Profit for the year	—	—	—	46,451	46,451	20,213	66,664
Total comprehensive income for the year	—	—	—	46,451	46,451	20,213	66,664
Transactions with owners in their capacity as owners							
Contributions from non-controlling interests on establishment of subsidiaries	—	—	—	—	—	30,000	30,000
Capital movement of non-controlling interests	—	—	—	—	—	2,400	2,400
Partial disposal of a subsidiary without loss of control	—	—	(5,883)	—	(5,883)	5,883	—
Dividends declared or paid	—	—	—	(30,126)	(30,126)	(14,650)	(44,776)
Total transactions with owners in their capacity as owners	—	—	(5,883)	(30,126)	(36,009)	23,633	(12,376)
At 31 December 2023	8,662	604,478	587,239	682,650	1,883,029	282,589	2,165,618

	<i>Note</i>	Attributable to owners of the Company				Non-controlling Interests	Total equity
		Share capital (note 27)	Share premium (note 28)	Other reserves (note 28)	Retained earnings (note 29)	Total	
At 1 January 2024		8,662	604,478	587,239	682,650	1,883,029	2,165,618
Profit for the year		—	—	—	50,485	50,485	71,026
Total comprehensive income for the year		—	—	—	50,485	50,485	71,026
Transactions with owners in their capacity as owners							
Capital movement of non-controlling interests		—	—	—	—	200	200
Dividends declared or paid	15	—	—	—	(19,895)	(19,895)	(34,155)
Total transactions with owners in their capacity as owners		—	—	—	(19,895)	(19,895)	(33,955)
At 31 December 2024		<u>8,662</u>	<u>604,478</u>	<u>587,239</u>	<u>713,240</u>	<u>1,913,619</u>	<u>2,202,689</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(All amounts in RMB thousands unless otherwise stated)

	Note	2024	2023
Cash flows from operating activities			
Cash generated from/(used in) operating activities		12,906	(184,385)
Interest received from bank deposits		513	2,258
Interest paid		(56,734)	(40,678)
Income tax paid		<u>(34,459)</u>	<u>(31,381)</u>
Net cash outflow from operating activities		<u>(77,774)</u>	<u>(254,186)</u>
Cash flows from investing activities			
Disposal of subsidiaries		14,166	—
Return of investment from an associate		3,242	19,131
Payments for property, plant and equipment		(2,552)	(7,258)
Payments for intangible assets		(52)	(31)
Payments for an investment property		(73,853)	(9,288)
Dividend from an associate		<u>—</u>	<u>2,243</u>
Net cash (outflow)/inflow from investing activities		<u>(59,049)</u>	<u>4,797</u>
Cash flows from financing activities			
Proceeds from borrowings		1,119,516	1,132,150
Repayments of borrowings		(946,152)	(927,000)
Repayments of lease liabilities		(3,361)	(3,756)
Capital contributions of non-controlling interests		200	32,400
Dividends paid to owners of the Company		(19,895)	(30,126)
Dividends paid to non-controlling interests		<u>(14,260)</u>	<u>(13,750)</u>
Net cash inflow from financing activities		<u>136,048</u>	<u>189,918</u>
Net decrease in cash and cash equivalents		(775)	(59,471)
Cash and cash equivalents at beginning of year		137,274	196,805
Effects of exchange rate changes on cash and cash equivalents		<u>(428)</u>	<u>(60)</u>
Cash and cash equivalents at end of year	26	<u><u>136,071</u></u>	<u><u>137,274</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts in RMB thousands unless otherwise stated)

1. GENERAL INFORMATION

China Huirong Financial Holdings Limited (中國匯融金融控股有限公司) (the “Company”) was incorporated in the Cayman Islands on 11 November 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is ultimately controlled by Messrs Zhu Tianxiao (朱天曉), Zhang Xiangrong (張祥榮), Ge Jian (葛健), Chen Yannan (陳雁南), Wei Xingfa (魏興發), Yang Wuguan (楊伍官) and Zhuo You (卓有) (hereinafter collectively referred to as the “Ultimate Shareholders”).

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in lending services through granting secured and unsecured loans to customers in the People’s Republic of China (the “PRC”).

On 28 October 2013, the Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements of the Group. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

- (a) *Compliance with HKFRS Accounting Standards, applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of Hong Kong Companies Ordinance*

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”), and Interpretation. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The Group continues to adopt the going concern basis in preparing its consolidated financial statements.

- (b) *Historical cost convention*

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and an investment property which are measured at fair value.

(c) ***Amended HKFRS Accounting Standards adopted***

The Group has applied the following amendments to standards and interpretation issued by HKICPA for the first time, which are mandatorily effective for the annual reporting period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period."

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) *New and revised HKFRS Accounting Standards in issue but not yet effective*

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to it:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. The amendments include:

- clarification of the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarification and addition of further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- addition of new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- updating of the disclosures for equity instruments designated at fair value through other comprehensive income.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group continually evaluates its critical accounting estimates and judgements applied based on historical experience and other factors, including reasonable expectations of future events. The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period are outlined below. It is possible that actual results may be materially different from the estimates and judgements referred to below.

3.1 Critical accounting estimates

(a) *Measurement of ECL allowances*

The measurement of the ECL allowances for financial assets measured at AC is an area that requires the use of ECL models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL allowances, such as:

- determination of relevant key models and parameters;
- criteria for determining whether or not there was a significant increase in credit risk (“SICR”) and definition of default or credit impairment;
- estimated future cash flows for loans to customers that the discounted cash flow model is used to calculate ECL allowances;
- economic variables for forward-looking measurement, and the application of economic scenarios and relative weightings.

(b) *Fair value of investment properties*

The fair value of investment properties are determined by using valuation techniques. Observable inputs are used at arm’s length. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. Changes in assumptions about these factors could affect reported fair value of investment properties.

(c) *Income taxes*

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3.2 Critical accounting judgements

(a) *Contractual agreements*

Under the relevant rules and regulations prevailing in the PRC, wholly foreign-owned enterprises are not allowed to operate pawn-loan business in China. The current registered owners of Suzhou Wuzhong Pawnshop Co. Ltd.* (蘇州市吳中典當有限責任公司) (“Wuzhong Pawnshop”), an indirect subsidiary of the Company, are Jiangsu Wuzhong Jiaye Group Co., Ltd.* (江蘇吳中嘉業集團有限公司) (“Wuzhong Jiaye”) and Suzhou Xinqu Hengyue Management Consulting Co., Ltd.* (蘇州新區恆悅管理諮詢有限公司) (“Hengyue Consulting”). The Group’s wholly owned subsidiary Suzhou Huifang Tongda Information Technology Co., Ltd.* (蘇州匯方同達信息科技有限公司) (“Huifang Tongda”) entered into a series of contractual agreements with Wuzhong Pawnshop, Wuzhong Jiaye, Hengyue Consulting and the owners of Wuzhong Jiaye and Hengyue Consulting (the “Contractual Agreements”). The Contractual Agreements include: (i) a proxy agreement where Wuzhong Jiaye and Hengyue Consulting have irrevocably and unconditionally undertaken to authorise Huifang Tongda to exercise their shareholders’ rights under the articles of association of the Wuzhong Pawnshop and applicable PRC laws and regulations; (ii) an exclusive management and consultation service agreement pursuant to which Wuzhong Pawnshop engaged Huifang Tongda on an exclusive basis to provide consultation and other ancillary services, and in return Wuzhong Pawnshop agreed to pay Huifang Tongda the consultancy service fee; (iii) exclusive call option agreement pursuant to which Wuzhong Jiaye and Hengyue Consulting irrevocably and unconditionally granted Huifang Tongda an option to acquire the entire equity interest held by Wuzhong Jiaye and Hengyue Consulting in Wuzhong Pawnshop and/or all assets of Wuzhong Pawnshop at a price equivalent to the minimum amount as may be permitted by applicable PRC laws and regulations; and (iv) equity pledge agreement pursuant to which the Ultimate Shareholders granted first priority security interests over their respective equity interests in Wuzhong Jiaye and Hengyue Consulting to Huifang Tongda for guaranteeing the performance of the above the proxy agreement, exclusive management and consultation service agreement, and the exclusive call option agreement. Pursuant to these agreements and undertakings, notwithstanding the fact that the Company does not hold direct equity interest in Wuzhong Pawnshop, management considers that the Company has power over the financial and operating policies of Wuzhong Pawnshop and receives a majority of the economic benefits from business activities of Wuzhong Pawnshop. Accordingly, Wuzhong Pawnshop has been treated as an indirect subsidiary of the Company.

(b) *Principal versus agent consideration*

The Group engages in trading of electronic products and daily groceries. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods and the Group has inventory risk. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

4. SEGMENT INFORMATION

The Board is the Group's chief operating decision-maker, which assesses the financial performance and position of the Group and makes strategic decisions.

The Group manages its business under two operating and reportable segments for the years ended 31 December 2024 and 2023.

(a) Business segments

From business perspective, the Group provides services through two main business segments listed below:

Inclusive finance business division:

The inclusive finance business division mainly refers to provision of lending services in the PRC. From a product perspective, the inclusive finance business division principally engaged in lending services through granting secured loans and unsecured loans to customers.

Ecology finance business division:

The division mainly dedicates services to supply chain, loan facilitation technology, factoring, insurance agency, financial leasing, special assets investment and equity investment business.

(b) Segment analysis

The profit or loss before income tax for each reportable segment including incomes and expenses from external transactions and from transactions with other segments, and other items in the consolidated statement of comprehensive income are allocated based on the operations of the segment.

Segment assets and segment liabilities are measured in the same way as in the consolidated statement of financial position. These assets and liabilities are allocated based on the operations of the segment.

For the year ended 31 December 2024					
	Inclusive finance business division	Ecology finance business division	Headquarters and others	Elimination	Total
External operating income	240,951	404,820	13,027	—	658,798
Internal operating income	—	—	11,242	(11,242)	—
External operating cost	(12,943)	(349,461)	(19,970)	—	(382,374)
Internal operating cost	(10,421)	(692)	—	11,113	—
Net investment gains/(losses)	—	7,289	(15,243)	—	(7,954)
(Credit impairment losses)/reversal of credit impairment losses	(100,764)	(3,040)	348	—	(103,456)
Net gains on derecognition of financial assets measured are amortised cost	2,316	—	—	—	2,316
Other operating income	1,468	12,499	11,256	(12,780)	12,443
General and administrative expenses	(43,094)	(9,321)	(43,246)	12,909	(82,752)
Other losses, net	(565)	—	(443)	—	(1,008)
Profit/(loss) before income tax	76,948	62,094	(43,029)	—	96,013
Capital expenditure	(596)	(19)	(73,968)	—	(74,583)
As at 31 December 2024					
	Inclusive finance business division	Ecology finance business division	Headquarters and others	Elimination	Total
Segment assets	1,643,397	1,337,055	523,892	(217)	3,504,127
Segment liabilities	(262,685)	(599,691)	(439,412)	350	(1,301,438)

For the year ended 31 December 2023					
	Inclusive finance business division	Ecology finance business division	Headquarters and others	Elimination	Total
External operating income	220,150	418,261	14,720	—	653,131
Internal operating income	442	708	12,701	(13,851)	—
External operating cost	(10,828)	(375,241)	(22,398)	—	(408,467)
Internal operating cost	(6,287)	(5,858)	—	12,145	—
Net investment gains/(losses)	—	6,383	(4,586)	—	1,797
Credit impairment losses	(77,575)	(7,137)	(162)	—	(84,874)
Other operating income	586	5,500	11,744	(8,367)	9,463
General and administrative expenses	(37,508)	(8,693)	(44,613)	10,073	(80,741)
Other (loss)/gains, net	(1,106)	—	215	—	(891)
Share of profit of an associate accounted for using the equity method	—	2,243	—	—	2,243
Profit/(loss) before income tax	87,874	36,166	(32,379)	—	91,661
Capital expenditure	(1,470)	(27)	(9,416)	—	(10,913)
As at 31 December 2023					
	Inclusive finance business division	Ecology finance business division	Headquarters and others	Elimination	Total
Segment assets	1,631,667	1,208,238	461,597	(845)	3,300,657
Segment liabilities	(276,529)	(507,296)	(352,144)	930	(1,135,039)

5. INTEREST INCOME

	2024	2023
Interest income from loans to customers		
— Secured loans	199,030	169,734
— Unsecured loans	94,205	94,317
Interest income from financial assets held under resale agreement	23,245	8,250
Interest income from finance leases	10,342	5,679
Interest income from bank deposits	<u>512</u>	<u>1,596</u>
	<u>327,334</u>	<u>279,576</u>

6. SALES OF GOODS AND COSTS OF SALES

The goods sold mainly contain electronic products and daily groceries.

7. INTEREST EXPENSE

	2024	2023
Interest expense on bank borrowings	28,028	26,718
Interest expense on borrowings from non-bank financial institutions	7,936	6,117
Other interest expenses	<u>20,770</u>	<u>7,903</u>
	<u>56,734</u>	<u>40,738</u>

8. NET INVESTMENT (LOSSES)/GAINS

	2024	2023
Fair value gains on financial assets at FVPL	7,719	8,969
Cash dividend of listed equity securities	—	159
Net gains on disposal of financial assets at fair value	1,054	665
Fair value losses on investment properties	(16,727)	(6,496)
Impairment loss on investment in an associate	<u>—</u>	<u>(1,500)</u>
	<u>(7,954)</u>	<u>1,797</u>

9. CREDIT IMPAIRMENT LOSSES

	2024	2023
Credit impairment losses on loans to customers	101,507	77,699
Credit impairment losses on other current assets	—	82
Credit impairment losses on finance lease receivables	2,249	3,266
(Reversal of credit impairment losses)/credit impairment losses on financial assets held under resale agreement	<u>(300)</u>	<u>3,827</u>
	<u>103,456</u>	<u>84,874</u>

10. NET GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

For the year ended 31 December 2024, the Group disposed loans to customers with carrying amount of RMB39.7 million to third parties for considerations of RMB42.0 million. The difference between the consideration and the carrying amount is recognised as net gains on derecognition of financial assets measured at amortised cost.

11. OTHER OPERATING INCOME

	2024	2023
Rental income	8,455	8,353
Government grant	80	120
Refund of commission fee paid in prior years	3,643	—
Others	<u>265</u>	<u>990</u>
	<u>12,443</u>	<u>9,463</u>

12. OTHER LOSSES, NET

	2024	2023
Net foreign currency gains	19	223
Net losses from disposal of repossessed assets	<u>(1,027)</u>	<u>(1,114)</u>
	<u>(1,008)</u>	<u>(891)</u>

13. INCOME TAX EXPENSE

(a) Income tax expense

	2024	2023
Current income tax	37,706	29,634
Deferred income tax	<u>(12,719)</u>	<u>(4,637)</u>
	<u>24,987</u>	<u>24,997</u>

The difference between the income tax expense in the consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2024	2023
Profit before income tax	<u>96,013</u>	<u>91,661</u>
Tax calculated at domestic tax rates applicable to profits in the respective areas	24,110	23,200
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
— Entertainment expenses	285	294
— Cash dividends of listed equity securities	—	(41)
— Sundry items	<u>364</u>	<u>398</u>
Subtotal	<u>649</u>	<u>651</u>
Unused tax losses for which no deferred income tax asset has been recognised	719	984
Previously unrecognised tax losses now recouped to reduce current income tax expense	(4,277)	(1,433)
Adjustments for current income tax of prior years	(14)	(82)
PRC withholding tax	<u>3,800</u>	<u>1,677</u>
Income tax expense	<u>24,987</u>	<u>24,997</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Enterprises incorporated in the British Virgin Islands are not subject to any income tax according to relevant rules and regulations.

The applicable Hong Kong profits tax rate is 16.5% (2023: 16.5%) on the assessable profits earned or derived in Hong Kong.

According to the Corporate Income Tax Law of the PRC (the “CIT Law”), the income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable corporate tax rate of 25% (2023: 25%) on the estimated assessable profits based on existing legislations, interpretations and practices.

For small and micro enterprises with annual taxable income less than RMB1 million, the income tax provision is calculated at the applicable corporate tax rate of 20% (2023: 20%) on 25% (2023: 25%) the taxable income amount, and for those with annual taxable income more than RMB1 million but less than RMB3 million, the income tax provision is calculated at the applicable corporate tax rate of 20% (2023: 20%) on 25% (2023: 25%) of the taxable income amount.

Pursuant to the CIT Law, a 5% (2023: 5%) withholding tax is levied on the dividends declared to the investors certified as Hong Kong resident enterprises from companies established in Mainland China and a 10% (2023: 10%) withholding tax is levied on the dividends declared to overseas investors from companies established in Mainland China.

(b) Tax losses for the year

	2024	2023
Unused tax losses for which no deferred tax asset has been recognised at 25%	91	133
Unused tax losses for which no deferred tax asset has been recognised at 16.5%	<u>4,220</u>	<u>5,762</u>
Unused tax losses for which no deferred tax asset has been recognised	<u><u>4,311</u></u>	<u><u>5,895</u></u>
Potential tax benefit at 25%	23	33
Potential tax benefit at 16.5%	<u>696</u>	<u>951</u>
Potential tax benefit	<u><u>719</u></u>	<u><u>984</u></u>

14. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Profit attributable to owners of the Company	50,485	46,451
Weighted average number of ordinary shares in issue (in thousands)	<u>1,090,335</u>	<u>1,090,335</u>
Basic earnings per share (expressed in RMB)	<u><u>0.046</u></u>	<u><u>0.043</u></u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has no category of dilutive potential ordinary shares for the year ended 31 December 2024.

	2024	2023
Profit attributable to owners of the Company	50,485	46,451
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (in thousands) (<i>note (i)</i>)	<u>1,090,335</u>	<u>1,090,335</u>
Dilutive earnings per share (expressed in RMB)	<u>0.046</u>	<u>0.043</u>

Note:

- (i) Weighted average number of shares used as the denominator

	2024	2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (in thousands)	1,090,335	1,090,335
Adjustments for calculation of diluted earnings per share:		
Options (in thousands)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (in thousands) (<i>note 27</i>)	<u>1,090,335</u>	<u>1,090,335</u>

15. DIVIDENDS

A final dividend in respect of the year ended 31 December 2024 of HK\$0.03 per share, amounting to a total dividend of HK\$32.7 million (equivalent to RMB30.3 million), is to be proposed at the 2024 annual general meeting. These consolidated financial statements do not reflect this dividend payable.

A final dividend of HK\$0.02 per ordinary share in respect of the year ended 31 December 2023 was declared at the annual general meetings of the Company held on 28 May 2024. Based on the total number of ordinary shares of 1,090,335 thousand outstanding on 31 December 2023, a total dividend of HK\$21.8 million (equivalent to RMB19.8 million) was paid out of the retained earnings account by the Company on 28 June 2024.

	2024	2023
Proposed final dividend	<u>30,291</u>	<u>19,761</u>

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Vehicles	Electronics and other equipment	Total
Cost				
At 1 January 2024	51,484	620	7,970	60,074
Additions	<u>—</u>	<u>—</u>	<u>678</u>	<u>678</u>
At 31 December 2024	<u>51,484</u>	<u>620</u>	<u>8,648</u>	<u>60,752</u>
Accumulated depreciation				
At 1 January 2024	(1,850)	(252)	(4,698)	(6,800)
Additions	<u>(901)</u>	<u>(147)</u>	<u>(1,342)</u>	<u>(2,390)</u>
At 31 December 2024	<u>(2,751)</u>	<u>(399)</u>	<u>(6,040)</u>	<u>(9,190)</u>
Carrying amount				
At 31 December 2024	<u>48,733</u>	<u>221</u>	<u>2,608</u>	<u>51,562</u>
At 31 December 2023	<u>49,634</u>	<u>368</u>	<u>3,272</u>	<u>53,274</u>

17. LEASES

Amounts recognised in the consolidated statement of financial position

	2024	2023
Right-of-use assets		
Land-use rights (<i>note (i)</i>)	11,573	11,916
Property	<u>4,136</u>	<u>3,774</u>
	<u>15,709</u>	<u>15,690</u>
Lease liabilities		
Current	1,801	2,114
Non-current	<u>1,964</u>	<u>1,325</u>
	<u>3,765</u>	<u>3,439</u>

Note:

- (i) As at 31 December 2024, land-use rights are pledged with banks to secure non-current bank borrowings with principal amount of RMB180.0 million (2023: RMB189.0 million) (note 30(a)).

The movement of right-of-use assets is as follows:

	Land-use rights	Properties	Total
Cost			
At 1 January 2024	15,246	16,413	31,659
Additions	—	3,687	3,687
Deductions	—	(1,802)	(1,802)
At 31 December 2024	<u>15,246</u>	<u>18,298</u>	<u>33,544</u>
Accumulated depreciation			
At 1 January 2024	(3,330)	(12,639)	(15,969)
Additions	(343)	(3,325)	(3,668)
Deductions	—	1,802	1,802
At 31 December 2024	<u>(3,673)</u>	<u>(14,162)</u>	<u>(17,835)</u>
Carrying amount			
At 31 December 2024	<u>11,573</u>	<u>4,136</u>	<u>15,709</u>
At 31 December 2023	<u>11,916</u>	<u>3,774</u>	<u>15,690</u>

For short-term leases and low-value asset leases, the Group chooses not to recognise the right-of-use assets and lease liabilities.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2024	2023
At 1 January	5,374	26,005
Deductions	(3,242)	(19,131)
Impairment loss	—	(1,500)
Profit for the year	—	2,243
Dividends received	—	(2,243)
At 31 December	<u>2,132</u>	<u>5,374</u>

19. INVESTMENT PROPERTIES

	2024		
	Zhonghui Financial Building (note (i))	Other	Total
At fair value			
At 1 January	184,793	1,680	186,473
Additions	70,833	—	70,833
Disposal of a subsidiary	(70,833)	—	(70,833)
Net losses from fair value adjustment	<u>(16,727)</u>	<u>—</u>	<u>(16,727)</u>
At 31 December	<u>168,066</u>	<u>1,680</u>	<u>169,746</u>
2023			
	Zhonghui Financial Building (note (i))	Other	Total
At fair value			
At 1 January	191,289	1,680	192,969
Net losses from fair value adjustment	<u>(6,496)</u>	<u>—</u>	<u>(6,496)</u>
At 31 December	<u>184,793</u>	<u>1,680</u>	<u>186,473</u>

Note:

- (i) As at 31 December 2024, the investment property is pledged with a bank to secure non-current bank borrowings with principal amount of RMB180.0 million (2023: RMB189.0 million) (note 30(a)).

20. LOANS TO CUSTOMERS

	2024	2023
Non-current		
Loans to customers, gross		
Unsecured loans	267,459	211,344
— <i>Guaranteed loans</i>	267,459	211,344
Less: ECL allowances	(4,927)	(4,374)
Loans to customers, net	<u>262,532</u>	<u>206,970</u>
Current		
Loans to customers, gross		
Secured loans	1,874,525	1,842,019
— <i>Real estate backed loans</i>	1,587,545	1,536,177
— <i>Movable property backed loans</i>	286,980	305,842
Unsecured loans	1,201,755	1,050,815
— <i>Equity interest backed loans</i>	563,659	373,041
— <i>Guaranteed loans</i>	330,115	293,917
— <i>Other unsecured loans</i>	307,981	383,857
	<u>3,076,280</u>	<u>2,892,834</u>
Less: ECL allowances		
Secured loans	(492,159)	(525,812)
Unsecured loans	(328,667)	(264,446)
	<u>(820,826)</u>	<u>(790,258)</u>
Loans to customers, net	<u>2,255,454</u>	<u>2,102,576</u>

Loans to customers arise from the Group's lending services. The current loan periods granted to customers are within one year. The terms of non-current loans granted to customers are between two to five years.

The real estate backed and equity interest backed loans provided to customers bear fixed interest rates ranging from 6.0% to 24.0% per annum in the year ended 31 December 2024 (2023: from 8.0% to 16.0% per annum). Movable property backed loans granted to customers bear fixed interest rates from 6.0% to 54.0% per annum for the year ended 31 December 2024 (2023: from 8.0% to 54.0% per annum). Guaranteed loans granted to customers bear fixed interest rates from 5.5% to 18.0% per annum in the year ended 31 December 2024 (2023: same). Other unsecured loans granted to customers bear fixed interest rates from 8.0% to 16.0% per annum (2023: same) in the year ended 31 December 2024.

As at 31 December 2024, renewed loans amounted to RMB355.1 million (2023: RMB342.2 million), which include real estate backed loans, equity interest backed loans and guaranteed loans (2023: same).

(a) **Aging analysis of loans to customers**

The aging of the loans to customers is calculated starting from the original granting date without considering the subsequent renewal of the loans. The aging analysis of loans to customers net of ECL allowances is set out below:

	2024			2023
	Secured loans	Unsecured loans	Total	Total
Non-current				
Within 3 months	—	114,155	114,155	37,224
3–6 months	—	17,556	17,556	13,747
6–12 months	—	34,317	34,317	79,549
12–24 months	—	96,504	96,504	48,676
Over 24 months	—	—	—	27,774
	<u>—</u>	<u>262,532</u>	<u>262,532</u>	<u>206,970</u>
	2024			2023
	Secured loans	Unsecured loans	Total	Total
Current				
Within 3 months	144,400	400,665	545,065	478,305
3–6 months	93,622	80,398	174,020	499,990
6–12 months	254,300	220,931	475,231	435,535
12–24 months	274,857	16,612	291,469	125,614
Over 24 months	7,207	93,441	100,648	132,365
Past due (<i>note (i)</i>)	<u>607,980</u>	<u>61,041</u>	<u>669,021</u>	<u>430,767</u>
	<u>1,382,366</u>	<u>873,088</u>	<u>2,255,454</u>	<u>2,102,576</u>

Note:

(i) Past due loans to customers net of ECL allowances

	2024			2023
	Secured loans	Unsecured loans	Total	Total
Current				
Past due within three months	107,684	7,587	115,271	112,661
Past due between three months and one year	180,047	52,467	232,514	41,925
Past due between one year and three years	33,973	—	33,973	16,962
Past due over three years	<u>286,276</u>	<u>987</u>	<u>287,263</u>	<u>259,219</u>
	<u>607,980</u>	<u>61,041</u>	<u>669,021</u>	<u>430,767</u>

(b) **Movements on ECL allowances for loans to customers**

The following tables explain the changes in loss allowances during the reporting period due to these factors:

	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Non-current — unsecured loans				
At 31 December 2023	4,374	—	—	4,374
New loans to customers originated	2,837	—	—	2,837
Changes in PDs/LGDs/EADs	2,954	—	—	2,954
Loans to customers derecognised during the year other than write-offs	<u>(5,238)</u>	<u>—</u>	<u>—</u>	<u>(5,238)</u>
At 31 December 2024	<u>4,927</u>	<u>—</u>	<u>—</u>	<u>4,927</u>
	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Current — secured loans				
At 31 December 2023	9,324	1,551	514,937	525,812
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(4,146)	40,377	—	36,231
<i>Transfers from Stage 2 to Stage 3</i>	—	(31,220)	93,843	62,623
New loans to customers originated	12,499	—	—	12,499
Changes in PDs/LGDs/EADs	(3,089)	9,205	(80,369)	(74,253)
Unwinding of discount	—	—	11,146	11,146
Loans to customers derecognised during the year other than write-offs	(7,400)	(11,756)	(35,751)	(54,907)
Write-offs	<u>—</u>	<u>—</u>	<u>(26,992)</u>	<u>(26,992)</u>
At 31 December 2024	<u>7,188</u>	<u>8,157</u>	<u>476,814</u>	<u>492,159</u>

	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Current — unsecured loans				
At 31 December 2023	28,391	2,588	233,467	264,446
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(15,002)	61,733	—	46,731
<i>Transfers from Stage 2 to Stage 3</i>	—	(58,958)	186,420	127,462
New loans to customers originated	264,893	—	—	264,893
Changes in PDs/LGDs/EADs	(15,181)	6,338	(71,250)	(80,093)
Unwinding of discount	—	—	5	5
Loans to customers derecognised during the year other than write-offs	(241,909)	(5,556)	(22,547)	(270,012)
Write-offs	—	—	(24,765)	(24,765)
At 31 December 2024	<u>21,192</u>	<u>6,145</u>	<u>301,330</u>	<u>328,667</u>
	2023			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Non-current — unsecured loans				
At 31 December 2022	5,859	—	—	5,859
New loans to customers originated	2,882	—	—	2,882
Changes in PDs/LGDs/EADs	(620)	—	—	(620)
Loans to customers derecognised during the year other than write-offs	(3,747)	—	—	(3,747)
At 31 December 2023	<u>4,374</u>	<u>—</u>	<u>—</u>	<u>4,374</u>

	2023			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Current — secured loans				
At 31 December 2022	9,893	2,172	479,678	491,743
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(1,582)	23,285	—	21,703
<i>Transfers from Stage 2 to Stage 3</i>	—	(17,238)	59,020	41,782
New loans to customers originated	14,286	—	—	14,286
Changes in PDs/LGDs/EADs	(8,621)	(407)	(5,783)	(14,811)
Unwinding of discount	—	—	12,327	12,327
Loans to customers derecognised during the year other than write-offs	<u>(4,652)</u>	<u>(6,261)</u>	<u>(30,305)</u>	<u>(41,218)</u>
At 31 December 2023	<u>9,324</u>	<u>1,551</u>	<u>514,937</u>	<u>525,812</u>
	2023			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Current — unsecured loans				
At 31 December 2022	19,899	8,279	190,079	218,257
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(2,467)	15,213	—	12,746
<i>Transfers from Stage 2 to Stage 3</i>	—	(12,913)	44,402	31,489
New loans to customers originated	182,789	—	—	182,789
Changes in PDs/LGDs/EADs	(8,246)	1,942	5,027	(1,277)
Unwinding of discount	—	—	576	576
Loans to customers derecognised during the year other than write-offs	<u>(163,584)</u>	<u>(9,933)</u>	<u>(1,617)</u>	<u>(175,134)</u>
Write-offs	<u>—</u>	<u>—</u>	<u>(5,000)</u>	<u>(5,000)</u>
At 31 December 2023	<u>28,391</u>	<u>2,588</u>	<u>233,467</u>	<u>264,446</u>

(c) **Significant changes in gross carrying amount of loans to customers that contributed to changes in the ECL allowances**

The following table explains changes in the gross carrying amount of the loans to customers that help explain their significance to the changes in the ECL allowances for loans to customers:

	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Non-current — unsecured loans				
At 31 December 2023	211,344	—	—	211,344
Loans to customers derecognised during the year other than write-offs	(113,933)	—	—	(113,933)
New loans to customers originated	167,700	—	—	167,700
Changes in interest accrual	<u>2,348</u>	<u>—</u>	<u>—</u>	<u>2,348</u>
At 31 December 2024	<u>267,459</u>	<u>—</u>	<u>—</u>	<u>267,459</u>
	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Current — secured loans				
At 31 December 2023	992,866	7,516	841,637	1,842,019
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(359,943)	359,943	—	—
<i>Transfers from Stage 2 to Stage 3</i>	—	(275,356)	275,356	—
Loans to customers derecognised during the year other than write-offs	(811,955)	(52,942)	(176,462)	(1,041,359)
New loans to customers originated	967,466	—	—	967,466
Changes in interest accrual	23,870	106	109,415	133,391
Write-offs	<u>—</u>	<u>—</u>	<u>(26,992)</u>	<u>(26,992)</u>
At 31 December 2024	<u>812,304</u>	<u>39,267</u>	<u>1,022,954</u>	<u>1,874,525</u>

	2024			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
Current — unsecured loans				
At 31 December 2023	791,154	7,822	251,839	1,050,815
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	<i>(381,588)</i>	<i>381,588</i>	<i>—</i>	<i>—</i>
<i>Transfers from Stage 2 to Stage 3</i>	<i>—</i>	<i>(310,323)</i>	<i>310,323</i>	<i>—</i>
Loans to customers derecognised during the year other than write-offs	(5,167,855)	(66,500)	(199,550)	(5,433,905)
New loans to customers originated	5,528,575	—	—	5,528,575
Changes in interest accrual	10,524	2,862	67,049	80,435
Write-offs	—	—	(24,765)	(24,765)
Foreign exchange and other movements	359	—	241	600
At 31 December 2024	781,169	15,449	405,137	1,201,755
	2023			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
Non-current — unsecured loans				
At 31 December 2022	264,828	—	—	264,828
Loans to customers derecognised during the year other than write-offs	(180,850)	—	—	(180,850)
New loans to customers originated	127,900	—	—	127,900
Changes in interest accrual	(534)	—	—	(534)
At 31 December 2023	211,344	—	—	211,344

	2023			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Current — secured loans				
At 31 December 2022	800,972	11,057	805,470	1,617,499
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(143,981)	143,981	—	—
<i>Transfers from Stage 2 to Stage 3</i>	—	(104,832)	104,832	—
Loans to customers derecognised during the year other than write-offs	(875,002)	(42,639)	(84,347)	(1,001,988)
New loans to customers originated	1,207,202	—	—	1,207,202
Changes in interest accrual	<u>3,675</u>	<u>(51)</u>	<u>15,682</u>	<u>19,306</u>
At 31 December 2023	<u>992,866</u>	<u>7,516</u>	<u>841,637</u>	<u>1,842,019</u>

	2023			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Current — unsecured loans				
At 31 December 2022	718,359	24,516	197,712	940,587
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(85,332)	85,332	—	—
<i>Transfers from Stage 2 to Stage 3</i>	—	(69,177)	69,177	—
Loans to customers derecognised during the year other than write-offs	(5,751,066)	(30,000)	(8,113)	(5,789,179)
New loans to customers originated	5,907,195	—	—	5,907,195
Changes in interest accrual	1,998	(2,849)	(1,877)	(2,728)
Write-offs	—	—	(5,000)	(5,000)
Foreign exchange and other movements	<u>—</u>	<u>—</u>	<u>(60)</u>	<u>(60)</u>
At 31 December 2023	<u>791,154</u>	<u>7,822</u>	<u>251,839</u>	<u>1,050,815</u>

21. FINANCE LEASE RECEIVABLES

	2024	2023
Undiscounted lease payments are analysed as:		
Recoverable after 12 months	22,331	39,162
Recoverable within 12 months	<u>91,074</u>	<u>78,069</u>
	<u>113,405</u>	<u>117,231</u>

The following table shows the maturity analysis of undiscounted lease payments to be received:

	2024	2023
Less than one year	91,073	78,069
One to two years	16,572	26,063
Two to three years	<u>5,760</u>	<u>13,099</u>
Total undiscounted lease payments	113,405	117,231
Less: Unearned finance income	<u>(8,755)</u>	<u>(9,212)</u>
	104,650	108,019
Less: ECL allowances	<u>(5,515)</u>	<u>(3,266)</u>
Net investments in finance leases	<u>99,135</u>	<u>104,753</u>
Analysed as:		
Non-current	26,536	35,024
Current	<u>72,599</u>	<u>69,729</u>
	<u>99,135</u>	<u>104,753</u>

The Group's finance lease receivables are all denominated in RMB.

The Group entered into finance leases as a lessor for certain equipment and machinery to its lessees. The term of finance leases entered into ranges from 1 to 3 years (2023: same).

Residual value risk on the finance leases is not significant because of the existence of a secondary market with respect to the equipment and machinery.

The Group's finance leases do not include variable payments.

The average effective interest rate contracted is 11.77% per annum (2023: 13.94% per annum).

22. DEFERRED INCOME TAX

(a) Deferred income tax assets

	2024	2023
The balance comprises temporary differences attributable to:		
ECL allowances charge on financial assets	103,446	93,879
Recoverable tax losses	<u>4,314</u>	<u>3,522</u>
Total deferred income tax assets	<u>107,760</u>	<u>97,401</u>
Offsetting of deferred income tax liabilities pursuant to off-setting provisions	<u>(4,386)</u>	<u>(3,681)</u>
Net deferred income tax assets	<u>103,374</u>	<u>93,720</u>

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

	ECL allowances charge on financial assets	Net losses from financial instruments at FVPL	Recoverable tax losses	Total
At 1 January 2023	85,525	981	6,151	92,657
Credited/(charged) to the consolidated statement of comprehensive income	<u>8,354</u>	<u>(981)</u>	<u>(2,629)</u>	<u>4,744</u>
At 31 December 2023	<u>93,879</u>	<u>—</u>	<u>3,522</u>	<u>97,401</u>
At 1 January 2024	93,879	—	3,522	97,401
Credited to the consolidated statement of comprehensive income	<u>9,567</u>	<u>—</u>	<u>792</u>	<u>10,359</u>
At 31 December 2024	<u>103,446</u>	<u>—</u>	<u>4,314</u>	<u>107,760</u>

As at 31 December 2024, it is estimated that deferred income tax assets will be reversed over one year (2023: same).

(b) **Deferred income tax liabilities**

	2024	2023
The balance comprises temporary differences attributable to:		
Net gains from investment properties	19,117	23,300
Net gains from financial instruments at FVPL	<u>4,240</u>	<u>2,417</u>
Total deferred income tax liabilities	<u>23,357</u>	<u>25,717</u>
Offsetting of deferred income tax assets pursuant to off-setting provisions	<u>(4,386)</u>	<u>(3,681)</u>
Net deferred income tax liabilities	<u>18,971</u>	<u>22,036</u>

The movement in deferred income tax liabilities during the year, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

	Net gains from investment properties	Net gains from financial instruments at FVPL	Total
At 1 January 2023	24,925	685	25,610
(Credited)/charged to the consolidated statement of comprehensive income	<u>(1,625)</u>	<u>1,732</u>	<u>107</u>
At 31 December 2023	<u>23,300</u>	<u>2,417</u>	<u>25,717</u>
At 1 January 2024	23,300	2,417	25,717
(Credited)/charged to the consolidated statement of comprehensive income	<u>(4,183)</u>	<u>1,823</u>	<u>(2,360)</u>
At 31 December 2024	<u>19,117</u>	<u>4,240</u>	<u>23,357</u>

As at 31 December 2024, it is estimated that deferred income tax liabilities will be reversed over one year (2023: same).

23. FINANCIAL ASSETS BY CATEGORY

			2024	
	<i>Note</i>	At FVPL	At AC	Total
Other current assets		—	28,752	28,752
Loans to customers	20	—	2,517,986	2,517,986
Financial assets held under resale agreement	24	—	217,863	217,863
Finance lease receivables	21	—	99,135	99,135
Financial assets at FVPL	25	119,859	—	119,859
Cash at bank and cash on hand	26	—	147,893	147,893
		<u>119,859</u>	<u>3,011,629</u>	<u>3,131,488</u>

			2023	
	<i>Note</i>	At FVPL	At AC	Total
Other current assets		—	17,965	17,965
Loans to customers	20	—	2,309,546	2,309,546
Financial assets held under resale agreement	24	—	200,015	200,015
Finance lease receivables	21	—	104,753	104,753
Financial assets at FVPL	25	115,576	—	115,576
Cash at bank and cash on hand	26	—	142,427	142,427
		<u>115,576</u>	<u>2,774,706</u>	<u>2,890,282</u>

24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENT

	2024	2023
Financial assets held under resale agreement, gross	221,390	203,842
Less: ECL allowances	<u>(3,527)</u>	<u>(3,827)</u>
Financial assets held under resale agreement, net	<u>217,863</u>	<u>200,015</u>

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
Equity securities	99,429	95,148
Structured deposits (<i>notes (a), (b)</i>)	<u>20,430</u>	<u>20,428</u>
	<u>119,859</u>	<u>115,576</u>

Notes:

- (a) The interest rates of structured deposits are correlated to the foreign exchange rates agreed with respective banks.
- (b) As at 31 December 2024, structured deposits with principal amount of RMB20.0 million (2023: RMB20.0 million) have been pledged with a bank to secure borrowings with principal amount of RMB19.0 million (2023: RMB20.0 million) (note 30(b)).

26. CASH AT BANK AND CASH ON HAND

	2024	2023
Cash on hand	1,659	1,632
Demand deposits with banks	134,316	135,040
Deposits with securities company	96	602
Interest receivable from bank deposits	—	513
Term deposits with banks with original maturities over 3 months, net	11,822	4,640
<i>Term deposits with banks with original maturities over 3 months, gross</i>	11,986	4,804
<i>Less: ECL allowances</i>	(164)	(164)
	<u>147,893</u>	<u>142,427</u>

As at 31 December 2024, term deposits with a bank of RMB11.7 million (2023: RMB3.0 million) have been pledged for notes payable of RMB31.7 million (2023: RMB4.6 million) (note 31).

Cash at bank and cash on hand are denominated in the following currencies:

	2024	2023
RMB	142,285	138,198
USD	63	3,687
HKD	<u>5,545</u>	<u>542</u>
	<u>147,893</u>	<u>142,427</u>

Cash and cash equivalents of the Group are determined as follows:

	2024	2023
Cash at bank and cash on hand	147,893	142,427
Less: Interest receivable from bank deposits	—	(513)
Unrestricted term deposits pledged with banks with original maturities over 3 months	<u>(11,822)</u>	<u>(4,640)</u>
	<u>136,071</u>	<u>137,274</u>

27. SHARE CAPITAL

	Number of shares	Ordinary shares HKD	Ordinary shares RMB
Issued and fully paid			
As at 31 December 2024	<u>1,090,335,000</u>	<u>10,903,350</u>	<u>8,662,017</u>
As at 31 December 2023	<u>1,090,335,000</u>	<u>10,903,350</u>	<u>8,662,017</u>

There are no movements in ordinary shares during the year.

28. SHARE PREMIUM AND OTHER RESERVES

	Other reserves					Total
	Share premium	Capital reserve	Statutory reserve	General reserve	Share-based payments reserve	
At 1 January 2023	604,478	504,457	77,715	4,417	6,533	1,197,600
Issue of share under employee share scheme (<i>note (a)</i>)	—	—	—	—	—	—
Disposal of a subsidiary without loss of control	—	(5,883)	—	—	—	(5,883)
At 31 December 2023 and 31 December 2024	<u>604,478</u>	<u>498,574</u>	<u>77,715</u>	<u>4,417</u>	<u>6,533</u>	<u>1,191,717</u>

Note:

(a) Share-based payments

The Group approved on 13 September 2016 to grant of share options to enable eligible participants as incentives or rewards for their contribution or potential contribution. The options have a contractual option term of five years expired on 12 September 2021. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

During the years ended 31 December 2024 and 2023, no ordinary shares are issued by the Company in connection with share-based payments scheme.

29. RETAINED EARNINGS

	2024	2023
At 1 January	682,650	666,325
Profit for the year attributable to owners of the Company	50,485	46,451
Dividends provided for or paid	<u>(19,895)</u>	<u>(30,126)</u>
At 31 December	<u>713,240</u>	<u>682,650</u>

30. BORROWINGS

	2024	2023
Non-current		
Bank borrowings (<i>note (a)</i>)	<u>334,000</u>	<u>351,600</u>
Current		
Bank borrowings (<i>note (a) and (b)</i>)	425,020	300,654
Borrowings from other companies (<i>note (c)</i>)	115,520	92,115
Borrowings from micro-finance companies (<i>note (d)</i>)	95,000	110,000
Borrowings from the Group's former and existing employees (<i>note (e)</i>)	128,043	79,850
Borrowings from the Ultimate Shareholders (<i>note (f)</i>)	<u>10,000</u>	<u>—</u>
	<u>773,583</u>	<u>582,619</u>
	<u>1,107,583</u>	<u>934,219</u>

The Group's borrowings are all denominated in RMB.

Notes:

- (a) As at 31 December 2024, bank borrowing with principal amount of RMB180.0 million (2023: RMB189.0 million) bears a floating interest rate of the 5-year Loan Prime Rate minus 35 bps (2023: same), with Zhonghui Financial Building as the pledge (notes 17 and 19). It is repaid in a scheduled instalments within 10 to 13 years. As at 31 December 2024 and 2023, there are no undrawn bank borrowing facilities.

As at 31 December 2024, bank borrowing with principal amount of RMB60.0 million (2023: RMB80.0 million) bears a fixed interest rate of 4.2% per annum (2023: same). It is secured by all shares of a subsidiary of the Group and guaranteed by two subsidiaries of the Group. It is repaid in a scheduled instalments within 4 years. As at 31 December 2024 and 2023, there are no undrawn bank borrowing facilities.

As at 31 December 2024, bank borrowing with principal amount of RMB32.0 million (2023: RMB Nil) bears a fixed interest rate of 4.0% per annum (2023: not applicable). It is secured by a subsidiary of the Group. It is repaid in a scheduled instalments within 7 years. As at 31 December 2024 and 2023, there are no undrawn bank borrowing facilities.

As at 31 December 2024, bank borrowings with total principal amount of RMB85.0 million (2023: RMB82.6 million) bear fixed interest rate ranging from 3.5% to 4.5% per annum (2023: 3.3% to 4.9% per annum). They are guaranteed by a subsidiary of the Group/secured by loans to a customer amounting RMB42.0 million/guaranteed by Jiangsu Wuzhong Group Co., Ltd. ("Wuzhong Group"). They are repaid in a scheduled instalments within 2 to 3 years. As at 31 December 2024 and 2023, there are no undrawn bank borrowing facilities.

- (b) Current bank borrowings are all with maturity within one year and bear fixed interest rates ranging from 2.6% to 6.5% per annum (2023: same) as at 31 December 2024.

As at 31 December 2024, bank borrowings with principal amount of RMB19.0 million (2023: RMB20.0 million) are secured by structured deposits of RMB20.0 million (2023: RMB20.0 million) (note 25).

As at 31 December 2024, bank borrowings with principal amount of RMB Nil million (2023: RMB88.0 million) are guaranteed by Wuzhong Jiaye and the Ultimate Shareholders (of which one of the Ultimate Shareholders has not provided any guarantee).

As at 31 December 2024, bank borrowings with principal amount of RMB86.0 million (2023: RMB Nil) are guaranteed by Wuzhong Group and Wuzhong Jiaye.

As at 31 December 2024, bank borrowings with principal amount of RMB70.0 million (2023: RMB40.0 million) are guaranteed by Wuzhong Group.

As at 31 December 2024, bank borrowings with principal amount of RMB10.0 million (2023: RMB20.0 million) are guaranteed by Suzhou Guofa Financing Guarantee Co., Ltd.

As at 31 December 2024, bank borrowing with principal amount of RMB10.0 million (2023: RMB10.0 million) is guaranteed by Jiangsu Jinchuang Financing Re-guarantee Co., Ltd.

- (c) As at 31 December 2024, borrowings from other companies bear fixed interest rates ranging from 6.5% to 9.0% per annum (2023: same).
- (d) As at 31 December 2024, borrowings from micro-finance companies with principal amount of RMB40.0 million (2023: RMB50.0 million) are guaranteed by Wuzhong Jiaye.
- (e) As at 31 December 2024, borrowings from the Group's employees bear a fixed interest rates of 7.5% per annum (2023: a fixed interest rates ranging from 7.5% to 8.0% per annum).
- (f) As at 31 December 2024, borrowings from one of the Ultimate Shareholders bear a fixed interest rate of 7.5% per annum (2023: not applicable).

31. OTHER CURRENT LIABILITIES

	2024	2023
Construction payables	14,899	19,793
Advance from transferee of financial assets	19,150	34,820
Advances on sales	13	10,579
Advances on consultancy fee income	450	1,555
Accrued employee benefits	5,686	4,814
Turnover tax and other tax payable	3,676	2,817
Resale agreement deposit	50,000	50,000
Notes payables (<i>note (a)</i>)	31,746	4,558
Other financial liabilities (<i>note (b)</i>)	13,978	17,235
	<u>139,598</u>	<u>146,171</u>

Notes:

- (a) As at 31 December 2024, all (2023: same) notes payable are secured by term deposits with a bank of RMB11.7 million (2023: RMB3.0 million) (note 26).

- (b) As at 31 December 2024, the Group's other financial liabilities are non-interest bearing. The fair value approximates their carrying amounts due to their short maturities (2023: same).

32. COMMITMENTS

Capital commitments in respect of private equity funds

	2024	2023
Suzhou Cibe Management Consulting Partnership (LP) ("Suzhou Cibe") (note (a))	42,868	39,626
Suzhou Qianhui Tongcui Venture Capital Partnership (LP) ("Qianhui Tongcui") (note (b))	10,000	10,000
Suzhou Kangli Junzhuo Digital Economy Industry Investment Fund Partnership (LP) ("Kangli Junzhuo") (note (c))	5,000	5,000
Suzhou Zhongxin Hengyuan Venture Capital Partnership (LP) ("Zhongxin Hengyuan")	—	2,000
	<u>57,868</u>	<u>56,626</u>

Notes:

- (a) The committed capital injection to Suzhou Cibe is RMB45.0 million, of which RMB42.9 million (2023: RMB39.6 million) has not been paid by the Group as at 31 December 2024.
- (b) The committed investment injection to Qianhui Tongcui is RMB20.0 million, of which RMB10.0 million (2023: RMB10.0 million) has not been paid by the Group as at 31 December 2024.
- (c) The committed investment injection to Kangli Junzhuo is RMB10.0 million, of which RMB5.0 million (2023: RMB5.0 million) has not been paid by the Group as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

With the goal of achieving nationwide business coverage, the Company has fully leveraged its status as a listed company in Hong Kong and its access to the international capital markets and implemented the dual strategy of “inclusive finance plus ecology finance”, striving to offer comprehensive financial services to small and medium enterprises (“SMEs”) and individual clients alike as well as offer quality and safe financial assets to investors and financial institutions. As our brand has been well recognized by the public with our stable asset quality and our continuously improved profitability, we have gradually developed into a company that offers comprehensive finance services.

In 2024, the Company continued to fulfill the requirements of the Board to “manage the surplus in hand, provide a platform for a convenient life, solve temporary problems, and cheer up SMEs”. In the face of the still severe economic situation, the Company focused on value creation and maintained growth in both operating scale and revenue against the trend. In the Inclusive Finance Business Division, for real estate backed loans, the Company closely monitored changes in asset prices, dynamically adjusted credit policies, and strengthened liquidity management in branches. For movable property backed loans, the Company enhanced cooperation with auction houses in areas such as appraisal and disposal, and focused on improving the business skills of store employees. For unsecured loans, the Company successfully implemented the equity interest backed loans for listed companies, and gradually established a good reputation in the industry. In the Ecology Finance Business Division, for the commercial factoring business, the Company paid attention to tracking existing customers and developing new customers, and actively sought bank financing. For the financial leasing business, the Company served specialized, refined, unique, and innovative enterprises, and integrated internal resources for joint marketing. For the special asset investment business, the Company successfully exited the project of Zhongzhu Square, actively increased the reserve of projects, and implemented the project of Hongzhuang Commercial Property.

1. Business Review and Development

1.1 *Inclusive Finance Business Division*

The Inclusive Finance Business Division conducts its business through platforms such as Wuzhong Pawnshop, Suzhou Dongshan Technology Microfinance Co., Ltd.* (蘇州市東山科技小額貸款有限公司) (“**Dongshan Micro-finance**”), Suzhou Huifang Rongtong SME Guided Turnover Loan Fund (Limited Partnership)* (蘇州匯方融通中小微企業轉貸引導基金合夥企業(有限合夥)) (“**Huifang Rongtong**”), Nanjing Yiling Culture and Art Co., Ltd.* (南京藝瓏文化藝術有限公司) (“**Nanjing Yiling**”) and Huifang Investment Limited* (匯方投資有限公司) (“**Huifang Investment**”). The division conducts pawnshop business, technology micro-finance business, turnover loan fund business, art investment business and overseas finance business by adhering to the concept of small-sums and dispersed inclusive finance. Major products under this division include secured loans (including real estate backed loans and movable property backed loans) and unsecured loans (including equity interest backed loans, guaranteed loans and other unsecured loans), which focus on solving short-term liquidity

needs of SMEs and individuals. The business of Inclusive Finance Business Division currently mainly covers Suzhou, Chengdu, Wuhan, Hefei, Wuxi, Changsha, Nanchang and Fuzhou, and is striving to become a leading service provider of inclusive finance in the PRC.

(a) *Pawnshop Business*

The following table sets out the details of total transaction amount, number and income of loans granted as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total transaction number of new secured loans		
Total transaction number of new real estate backed loans	415	657
Total transaction number of new movable property backed loans	1,822	1,995
Total transaction amount of new secured loans (RMB million)		
Total transaction amount of new real estate backed loans	401	569
Total transaction amount of new movable property backed loans	75	243
Balance of secured loans at the end of the Reporting Year (principal) (RMB million)		
Balance of real estate backed loans at the end of the Reporting Year (principal)	767	903
Balance of movable property backed loans at the end of the Reporting Year (principal)	172	170
Interest income of secured loans (RMB thousand)		
Interest income of real estate backed loans	101,506	98,427
Interest income of movable property backed loans	32,076	26,005
Total transaction number of new unsecured loans	48	52
Total transaction amount of new unsecured loans (RMB million)	712	571
Balance of unsecured loans at the end of the Reporting Year (principal) (RMB million)	467	283
Interest income of unsecured loans (RMB thousand)	23,051	24,866

The pawnshop business mainly relies on Wuzhong Pawnshop, Changsha Furong District Huifang Pawnshop Co., Ltd.* (長沙市芙蓉區匯方典當有限責任公司) (“**Changsha Pawnshop**”), Nanchang Huifang Pawnshop Co., Ltd.* (南昌市匯方典當有限責任公司) (“**Nanchang Pawnshop**”), Fuzhou Huifang Pawnshop Co., Ltd.* (福州市匯方典當有限

責任公司) (“**Fuzhou Pawnshop**”) and Suzhou Huirong Culture and Art Co., Ltd.* (蘇州匯融文化藝術有限公司) (“**Huirong Culture and Art**”) as entities to carry out its business. Wuzhong Pawnshop, established in 1999 with a registered capital of RMB1,000 million, is an indirect wholly-owned subsidiary of the Company by virtue of the series of contractual arrangements entered into by Huifang Tongda, Suzhou Huifang Technology Co. Ltd.* (蘇州匯方科技有限公司) (“**Huifang Technology**”), Wuzhong Pawnshop, Wuzhong Jiaye, Hengyue Consulting and the Ultimate Shareholders (the “**Contractual Arrangements**”). Wuzhong Pawnshop is one of the largest pawnshop in Mainland China. Changsha Pawnshop, established in 2021 with a registered capital of RMB50 million, is an indirect wholly-owned subsidiary of the Company. Nanchang Pawnshop, established in 2022 with a registered capital of RMB30 million, is an indirect non-wholly owned subsidiary of the Company. The Company holds 90% of the equity interests of Nanchang Pawnshop. Fuzhou Pawnshop, established in 2023 with a registered capital of RMB30 million, is an indirect wholly-owned subsidiary of the Company. Huirong Culture and Art, established in 2022 with a registered capital of RMB1 million, is an indirect whollyowned subsidiary of the Company.

The pawnshop business primarily engages in secured loan and unsecured loan businesses. Secured loans business mainly includes real estate backed loans and movable property backed loans.

① Real Estate Backed Loans

Real estate backed loans primarily provide personal or corporate financing services to customers who have obtained real estate certificates. Business risks are comprehensively assessed based on customer credit status, real estate value, customer industry analysis and solvency, etc. The loan amount does not exceed 80% of the total evaluation price. The interest rates range from 12% to 24% per annum and the loan term is no longer than 1 year. The operation area is mainly in core urban areas of Suzhou, Chengdu, Wuhan, Hefei, Wuxi, Changsha, Nanchang, Fuzhou and other cities in the PRC. The target customers are mainly distributed across manufacturing, beverage, retail, trade and other industries. As of 31 December 2024, the total number of customers was 941, among which, the total number of individual customers was 903 and the total number of corporate customers was 38. The five largest customers contributed, in aggregate, 41.55% of the balance of real estate backed loans at the end of the Reporting Year (principal). As one of the core products of the Inclusive Finance Business Division, secured loans have high-quality customer resources and have maintained a sound and steady trend of development.

As of 31 December 2024, the balance at the end of the Reporting Year (principal) of real estate backed loans granted by the Company was RMB767 million, representing a decrease as compared with the corresponding period of last year. The main reason was the penetration of banking services to the grassroots level, which led to a sudden increase in marketing pressure and severe customer loss in the ordinary residential property scenario at the end of the Reporting Year. As of 31 December 2024, the interest income was RMB101,506 thousand, respectively, representing an increase as compared with the corresponding period of last year. The main reason was that the Company actively prioritized the development of customers in the luxury residential and industrial factory scenarios, which led to an increase in the average daily loan balance.

The main risks and uncertainties faced by the real estate backed loans include real estate value fluctuation risk, regulatory policy change risk, credit policy change risk, liquidity risk and credit risk, etc.

In 2024, for real estate backed loans, liquidity management was actively conducted, and credit policies were dynamically adjusted to ensure that the risk-adjusted return remained at a reasonable level. The development direction of the real estate backed loans in the future is to pay close attention to the asset value fluctuation, actively adjust business strategies, identify high-quality assets that can withstand cyclical fluctuations, and enrich the product offerings in various operation areas.

② Movable Property Backed Loans

The movable property backed loans mainly provide fast movable property backed financing services to individuals, and the product categories cover artworks, gold, jewelry, vehicles, watches and luxury goods, etc. The loan amount does not exceed 95% of the total evaluation price. The interest rates and comprehensive rates range from 6% to 54% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou, Nanjing and Nanchang. The businesses in Chengdu, Wuhan, Hefei, Changsha and other cities are also gradually expanding. The target customers are mainly distributed across manufacturing, agriculture, retail and other industries. As of 31 December 2024, the total number of customers was 1,649, and the five largest customers contributed, in aggregate, 79.97% of the balance of movable property backed loans at the end of the Reporting Year (principal).

As of 31 December 2024, the balance at the end of the Reporting Year (principal) and the interest income of movable property backed loans granted by the Company were RMB172 million and RMB32,076 thousand, respectively, representing an increase as compared with the corresponding period of last year. The main reason was that the stores steadily operated their regular product categories, while the artworks pawnshop loans maintained growth.

The main risks and uncertainties faced by the movable property backed loans include collateral appraisal risk, collateral valuation risk, regulatory policy change risk and credit risk, etc.

In 2024, for movable property backed loans, cooperation with auction houses in areas such as appraisal and disposal was enhanced. Additionally, the management of store employee procedures was strengthened to comprehensively improve business skills. The development direction of the movable property backed loans in the future is to actively develop and serve existing customers, closely monitor the price trends in the art market, and in accordance with the historical pattern that “antiques thrive in prosperous times, while gold is sought in chaotic times,” prudently reduce the scale of the artworks pawnshop loans.

③ Unsecured loans

The unsecured loans mainly provide equity financing services for SMEs and individuals. Business risks are comprehensively assessed based on the enterprise operation, financial conditions, industry development and debt repayment ability, etc. The loan amount does not exceed 50% of the total equity evaluation price. The interest rates range from 6% to 18% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou. The target customers are mainly distributed in manufacturing, construction, investment and other industries. As of 31 December 2024, the total number of customers was 26, among which, the total number of individual customers was 20 and the total number of corporate customers was 6. The five largest customers contributed, in aggregate, 44.93% of the balance of unsecured loans at the end of the Reporting Year (principal).

As of 31 December 2024, the balance of unsecured loans at the end of the Reporting Year (principal) was RMB467 million, representing an increase as compared with the corresponding period of last year. The main reason was the addition of equity interest backed loans for listed companies, which led to an increase in business scale. The interest income was RMB23,051 thousand, representing a decrease as compared with the corresponding period of last year. The main reason was the economic downturn, which caused some existing customers to face difficulties, resulting in difficulties in interest collection and a subsequent decrease in interest income.

The main risks and uncertainties faced by the unsecured loans include regulatory policy change risk, credit policy change risk, credit risk and liquidity risk, etc.

In 2024, the Company introduced equity interest backed loans for listed companies. The business model gradually matured and a good reputation in the industry began to take shape. This will become a new growth point for business scale and interest income. The development direction of the unsecured loans in the future is to

gradually reduce the balance of existing business. In line with the trend of the secondary market, efforts will be made to expand the scale of the equity interest backed loans for listed companies.

For the pawnshop business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and ensures implementation of the operational risk and non-performing loan accountability mechanism. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(b) *Technology Micro-finance business*

The following table sets out the details of total new loans secured by real estate, guaranteed loans and credit loans as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total number of new loans granted	104	162
Total amount of new loan granted (RMB million)	635	628
Balance at the end of the Reporting Year (principal) (RMB million)	512	481
Interest income (RMB thousand)	60,104	42,830

The technology micro-finance business mainly relies on Dongshan Micro-finance as the entity to carry out its business. Dongshan Micro-finance, established in 2012 with a registered capital of RMB300 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and Suzhou Wuzhong District Dongshan Town Collective Assets Management Co., Ltd.* (蘇州市吳中區東山鎮集體資產經營公司) and other entities. The Company holds 70% of the equity interests of Dongshan Micro-finance. Dongshan Micro-finance is also one of the few micro-finance companies rated “A” in Jiangsu Province, PRC.

Dongshan Micro-finance primarily engages in providing small loans and financial services such as finance guarantee for SMEs and individuals. Loans mainly include secured loans, guaranteed loans and credit loans.

Business risks of secured loans are comprehensively assessed based on the Company's credit status, collateral value, industry analysis and cash flow, etc. The loan amount does not exceed 75% of the total evaluation price. The interest rates range from 10% to 18% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou. The target customers are mainly distributed in manufacturing, beverage, service and other industries. As of 31 December 2024, the balance at the end of the Reporting Year (principal) of the secured loans is RMB308 million. As of 31 December 2024, the total number of customers was 103, among which, the total number of individual customers was 82 and the total number of corporate customers was 21. The five largest customers contributed, in aggregate, 45.78% of the balance of secured loans at the end of the Reporting Year (principal).

Business risks of guaranteed loans are comprehensively assessed based on the company's operating conditions, financial situation and industry development, etc. The interest rates range from 10% to 18% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou. The target customers are mainly distributed in manufacturing, trade, investment and other industries. As of 31 December 2024, the balance at the end of the Reporting Year (principal) of the guaranteed loans was RMB72 million. As of 31 December 2024, the total number of customers was 33, among which, the total number of individual customers was 19 and the total number of corporate customers was 14. The five largest customers contributed, in aggregate, 56.37% of the balance of guaranteed loans at the end of the Reporting Year (principal).

Business risks of credit loans are comprehensively assessed based on the individual's or company's credit status, enterprise operation, asset conditions and solvency, etc. The interest rates range from 8% to 10% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou. The target customers are mainly distributed in trade, gardening, investment and other industries. As of 31 December 2024, the balance at the end of the Reporting Year (principal) of the credit loans was RMB132 million. As of 31 December 2024, the total number of customers was 14, among which, the total number of individual customers was 2 and the total number of corporate customers was 12. The five largest customers contributed, in aggregate, 75.09% of the balance of credit loans at the end of the Reporting Year (principal).

As of 31 December 2024, the balance at the end of the Reporting Year (principal) and the interest income of technology micro-finance business were RMB512 million and RMB60,104 thousand, respectively, representing an increase as compared with the corresponding period of last year. The main reason was that taking the opportunity of expanding its business throughout Jiangsu Province, PRC, Dongshan Microfinance actively increased its financing through interbank lending and other means. It also

focused on developing customers in the luxury residential and industrial factory scenarios, which helped to increase both the business scale and interest income simultaneously.

The main risks and uncertainties faced by the technology micro-finance business include real estate valuation risk, credit risk, regulatory policy change risk, credit policy change risk and liquidity risk, etc.

In 2024, Dongshan Micro-finance adjusted its business strategy to focus on providing liquidity support for large-sums and stable assets, and enhanced cooperation with peers and interbank lending. The development direction of technology micro-finance business in the future is to intensify the service to technology-based and low-carbon SMEs by utilizing the advantages of conducting business in Jiangsu Province, PRC and fulfill the social responsibility of inclusive finance to promote regional economic development on the basis of bringing stable dividends to shareholders.

For the technology micro-finance business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and the operational risk and non-performing loan accountability mechanism be implemented. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(c) *Turnover Loan Fund Business*

The following table sets out the details of total new loans granted to SMEs and individuals under our turnover loan fund business as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total number of new loans granted	1,143	972
Total new loan amount granted (RMB million)	4,337	4,640
Balance at the end of the Reporting Year (principal) (RMB million)	32	6
Interest income (RMB thousand)	5,093	8,776

The turnover loan fund business mainly relies on Huifang Rongtong as the entity to carry out its business. Huifang Rongtong, established in 2017 with a registered capital of RMB55 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and Suzhou Wuzhong Financial Investment Service Co., Ltd* (蘇州市吳中金融招商服務有限公司), a company owned by the Wuzhong District Government in Suzhou of Jiangsu Province, PRC. The Company holds 72.73% of the equity interests of Huifang Rongtong. Such government-enterprise cooperation fund is scarce in Suzhou and even Jiangsu Province, PRC.

The turnover loan fund business serves as a bridge between banking institutions and SMEs. It focuses on serving SMEs and local government platforms with the needs of turnover loans. Business risks are comprehensively assessed based on the company's credit status, enterprise operation, financial conditions and bank credit conditions, etc. The interest rates range from 12.4% to 13.8% per annum and the loan terms range from 1 day to 30 days. The operation area is mainly in Suzhou. The target customers are mainly distributed in manufacturing, construction, trade and other industries. As of 31 December 2024, the total number of new loan customers granted was 1143, and the five largest customers contributed, in aggregate, 5.97% of the total new loan amount granted.

As of 31 December 2024, the total amount of new loans granted and the interest income of turnover loan fund business were RMB4,337 million and RMB5,093 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was the decline in social financing demand, which led to a decrease in the utilization rate of the turnover loan fund. At the same time, in response to regulatory requirements, the Company strictly charged interest at four times the Loan Prime Rate, resulting in a decline in interest income.

The main risks and uncertainties faced by the turnover loan fund business include regulatory policy change risk and credit risk, etc.

In 2024, Huifang Rongtong enhanced the cooperation with its contracted banks, and strengthened pre-loan investigations of customers in order to control business risks. The development direction of turnover loan fund business in the future is to adhere to the customer acquisition scenario of the turnover loan fund business and support turnover loan needs of SMEs to achieve the social value of inclusive financial services for enterprises.

For the turnover loan fund business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and the operational risk and non-performing loan accountability mechanism be implemented. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(d) *Art Investment Business*

The following table sets out the operating information of the art investment business as of 31 December 2024:

	For the year ended 31 December	
	2024	2023
Total number of artworks trading stock at the end of the Reporting Period	10	10
Total amount of artworks trading stock at the end of the Reporting Year (principal) (RMB million)	114	135
Artworks business income (RMB thousand)	17,523	19,207

The art investment business mainly relies on Nanjing Yiling and Suzhou Huifang Ruiqian Culture and Art Co., Ltd.* (蘇州匯方睿仟文化藝術有限公司) (“**Ruiqian Culture**”) as the entities to carry out its business. Nanjing Yiling, established in 2021 with a registered capital of RMB55 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and Nanjing Yili Culture Development Co., Ltd.* (南京藝力文化發展有限公司). The Company holds 55% of the equity interests of

Nanjing Yiling. Nanjing Yiling conducts artwork investment, artwork custody, artwork disposal and other businesses. Ruiqian Culture, established in 2024 with a registered capital of RMB10 million, is an indirect wholly-owned subsidiary of the Company.

The art investment business covers all categories of artworks, including Chinese modern painting and calligraphy, international contemporary painting and calligraphy, ancient antiques and sculptures. Its business covers the whole of Mainland China. The target customers are mainly major auction companies and well-known domestic collectors.

As of 31 December 2024, the total amount of artworks trading stock at the end of the Reporting Year and the artworks business income of art investment business were RMB114 million and RMB17,523 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was the economic downturn, which led to a decrease in both the volume and prices of transactions in the art market. To control risks, the Company moderately scaled back its art investment business.

The main risks and uncertainties faced by art investment business include regulatory policy change risk, artworks valuation risk, artworks transportation and storage risk, credit risk, liquidity risk, art market systemic risk, etc.

In 2024, the art investment business focused on industry trends, concentrated on serving and maintaining existing customers, actively assisted customers in auctioning and disposing of artworks, and moderately reduced the scale of transactions. The development direction of art investment business in the future is to strive to build a comprehensive system that serves the entire art industry, and develop Nanjing Yiling into a well-known comprehensive art service organization in the Mainland China, covering art investment, art appraisal and storage, art auction agency, art exhibition and other services.

(e) *Overseas Finance Business*

The following table sets out the operating information of the overseas finance business as of 31 December 2024:

	For the year ended 31 December	
	2024	2023
Total number of new loans granted	1	1
Total new loan amount granted (HK\$ million)	20	20
Balance at the end of the Reporting Year (principal) (HK\$ million)	20	26
Interest income (HK\$ thousand)	1,403	1,520

The overseas finance business mainly relies on Huifang Investment as the entity to carry out its business. Huifang Investment, established in 2011, is an indirect wholly-owned subsidiary of the Company and obtained a money lender's license with license No. MLR5279 in Hong Kong in January 2019 to develop diversified financial services.

The overseas finance business mainly involves guaranteed loans. Business risks of guaranteed loans are comprehensively assessed based on enterprise operation, financial conditions and industry development, etc. The interest rate is 6% per annum and the loan term is 12 months. The operation area is mainly in Hong Kong. The target customers are mainly local companies in Hong Kong. It mainly conducts business in cooperation with local licensed money lenders at present.

As of 31 December 2024, the balance at the end of the Reporting Year (principal) and the interest income of overseas finance business were HK\$20 million and HK\$1,403 thousand, respectively, representing a decrease as the corresponding period of last year. The main reason was that some customers repaid their loan principal. Taking into account the uncertainties in the Hong Kong real estate market and the consumer retail industry, the Company decided to temporarily slow down the pace of granting loans to new customers.

The main risks and uncertainties faced by overseas finance business include the risk of changes in the international political and economic situation and the risk of exchange rate fluctuations, etc.

In 2024, the overseas finance business closely monitored changes in corporate operations, actively reduce loan balance, and increase interest rates for certain customers. The development direction of overseas finance business in the future is to seek for development opportunities in the fields of pawnshops and digital assets in more overseas countries and regions such as Southeast Asia.

1.2 Ecology Finance Business Division

The Ecology Finance Business Division conducts its business through platforms such as Suzhou Huida Commercial Factoring Company Limited* (蘇州匯達商業保理有限公司) (“**Huida Factoring**”), Huifang Financial Leasing, Suzhou Huifang Financial Leasing Co., Ltd.* (蘇州匯方融資租賃有限公司) (“**Huifang Financial Leasing**”), Suzhou Huifang Supply Chain Management Co., Ltd.* (蘇州市匯方供應鏈管理有限公司) (“**Huifang Supply Chain**”), Suzhou Huifang Rongcui Management Consulting Co., Ltd.* (蘇州匯方融萃企業管理諮詢有限公司) (“**Huifang Rongcui**”), Qingdao Wanchen Buliang Property Company Limited* (青島萬宸不良資產處置有限公司) (“**Qingdao Wanchen**”) and Suzhou Huifang Anda Insurance Agency Company Limited* (蘇州匯方安達保險代理有限公司) (“**Huifang Anda**”, formerly named as Nanjing Shun'an Insurance Agency Company Limited* (南京舜安保險代理有限公司)), adhering to the innovation of finance concept. It attaches great

importance to the internal and external resources to develop commercial factoring business, financial leasing business, supply chain management business, equity investment business, special assets investment business and insurance brokerage business.

(a) *Commercial Factoring Business*

The following table sets out the operating information of the commercial factoring business as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total number of new transaction relating to account receivables assignment	21	24
Total amount of new transaction relating to account receivables assignment (RMB million)	254	160
Balance at the end of the Reporting Year (principal) (RMB million)	446	382
Interest income (RMB thousand)	36,945	32,096
Service fee income (RMB thousand)	3,408	3,909

The commercial factoring business mainly relies on Huida Factoring as the entity to carry out its business. Huida Factoring, established in 2016 with a registered capital of RMB170 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and three other state-owned and collective capital companies: Suzhou Wuzhong Gaoxin Entrepreneurship Service Co., Ltd.* (蘇州吳中高新創業服務有限公司), Suzhou Dongfang Venture Investment Co., Ltd.* (蘇州東方創業投資有限公司) and Suzhou Wuzhong City Construction Investment Development Co., Ltd.* (蘇州市吳中城市建設投資發展有限公司). The Company holds 52.94% of the equity interests in Huida Factoring.

Huida Factoring is principally engaged in accepting assignment of account receivable from SMEs and installment of account receivables. Commercial factoring business evaluates business risks by comprehensively analyzing enterprise operation, financial conditions, receivables and industry development factors based on customers' credit status. The loan amount does not exceed 80% of the total amount of receivables. The interest rates range from 6.5% to 13% per annum and the loan term is within 4 years. The operation area is mainly in Suzhou. The target customers are mainly distributed in construction, manufacturing and other industries. As of 31 December 2024, the total number of customers was 21, and the five largest customers contributed, in aggregate, 61.77% of the balance at the end of the Reporting Year (principal).

As of 31 December 2024, the balance at the end of the Reporting Year (principal) and the interest income of Huida Factoring were RMB446 million and RMB36,945 thousand, respectively, representing an increase as compared with the corresponding period of last year. The main reason was the expansion of the business scale after the continuous obtaining of bank financing.

The main risks and uncertainties faced by commercial factoring business include debtor credit risk, receivable risk, trade fraud risk and regulatory policy change risk, etc.

In 2024, against the backdrop of declining interest rates, reduced number of new construction projects, and intensified industry competition, the commercial factoring business achieved new breakthroughs in scale and performance by adhering to government engineering factoring business and emphasizing the tracking of existing customers and the development of new customers. The development direction of commercial factoring business in the future is to pay attention to the payment status of local government accounts payable, dynamically adjust business scale, attach importance to promoting financing in more dimensions, and build a rich and diversified product system.

For the commercial factoring business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and the operational risk and non-performing loan accountability mechanism be implemented. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(b) *Financial Leasing Business*

The following table sets out the operating information of the financial leasing business as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total number of new transaction relating to financial leasing	11	17
Total amount of new transaction relating to account receivables assignment (RMB million)	84	116
Balance at the end of the Reporting Year (principal) (RMB million)	104	107
Interest income (RMB thousand)	9,629	2,802
Service fee income (RMB thousand)	712	2,877

The financial leasing business mainly relies on Huifang Financial Leasing as the entity to carry out its business. Huifang Financial Leasing, established in 2023 with a registered capital of RMB170 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company, Suzhou Shengzhuang Food Co., Ltd.* (蘇州聖莊食品有限公司) (“**Shengzhuang Food**”) and Suzhou Tianyi Knitwear Co., Ltd.* (蘇州天衣針織品有限公司) (“**Tianyi Knitwear**”). The Company holds 70% of the equity interests in Huifang Financial Leasing.

Huifang Financial Leasing primarily offers two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to the customers. Financial leasing business evaluates business risks by comprehensively analyzing customer’s industry and reputation, existing debt position, operating cash flows and the projected cash flows generated from the lease asset. The interest rates range from 8% to 13% per annum and the finance lease term is within 3 years. The operation area is mainly in Suzhou. The target customers are mainly distributed in advanced manufacturing and other industries. As of 31 December 2024, the total number of customers was 18, and the five largest customers contributed, in aggregate, 52.98% of the balance at the end of the Reporting Year (principal).

As of 31 December 2024, the balance at the end of the Reporting Year (principal) and the interest income of Huifang Financial Leasing were RMB104 million and RMB9,629 thousand, respectively, representing a decrease in the balance as compared with the corresponding period of last year, whereas the interest income increased as compared with the corresponding period of last year. The main reason was the overcapacity in the

manufacturing industry, the slowdown in equipment investment, and the pressure on profitability. The Company controlled the scale of business grants. However, the increase in the average daily balance led to an increase in interest income.

The main risks and uncertainties faced by financial leasing business include lease asset risk, customer operation risk, customer high asset liability ratio risk and regulatory policy change risk, etc.

In 2024, Huifang Financial Leasing adjusted its phased business approach and integrated internal resources for joint marketing. The development direction of financial leasing business in the future is to focus on advanced manufacturing, healthcare and public utilities, with high technology and strong guarantees as key factors, and to explore opportunities for direct finance leasing business to support industrial transformation and upgrading.

For the financial leasing business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and the operational risk and non-performing loan accountability mechanism be implemented. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(c) *Supply Chain Management Business*

The following table sets out the operating information of the supply chain management business as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total transaction number	1,318	1,498
Total transaction number of grain and oil	240	261
Total transaction number of fresh products	773	912
Total transaction number of electronic products	2	22
Total transaction number of other goods	303	303
Sales income (RMB thousand)	328,380	371,643
Sales income of grain and oil	301,935	265,221
Sales income of fresh products	17,292	34,167
Sales income of electronic products	5,722	69,477
Sales income of other goods	3,431	2,778

The supply chain management business mainly relies on Huifang Supply Chain, Jiangsu Zhongli Communication Technology Co., Ltd.* (江蘇仲利通信科技有限公司) (“**Zhongli Communication**”, formerly named as Suzhou Huifang Rongda Internet Technology Company Limited* (蘇州匯方融達網路科技有限公司)) and Sichuan Huida Dingchen Technology Co., Ltd* (四川匯達鼎宸科技有限公司) (“**Huida Dingchen**”, formerly named as Sichuan Aomeishu Technology Co., Ltd* (四川奧美殊科技有限公司)) as entities to carry out its business. Huifang Supply Chain, established in 2018 with a registered capital of RMB400 million, is an indirect wholly-owned subsidiary of the Company. Zhongli Communication, established in 2015 with a registered capital of RMB50 million, is an indirect wholly-owned subsidiary of the Company. Huida Dingchen, established in 2015 with a registered capital of RMB20 million, is an indirect wholly-owned subsidiary of the Company. The supply chain management business was committed to focus on new supply chain scenarios mainly for grain and oil, fresh products, electronic products and other consumer goods fields. Currently, the supply chain management business has cooperated with COFCO Corporation* (中糧集團有限公司), Yihai Kerry Arawana Holdings Co., Ltd* (益海嘉里金龍魚糧油食品股份有限公司) and many other well-known enterprises. For the year ended 31 December 2024, the five largest suppliers accounted for approximately 96.66% of the supply chain management business’s total purchases while the largest supplier accounted for approximately 79.50% of the supply chain management business’s total purchases.

As of 31 December 2024, the total transaction number of supply chain management business and the sales income were 1,318 and RMB328,380 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was that the Company strictly controlled supply chain risks and proactively adjusted its product structure, resulting in a decrease in sales revenue from electronic products and fresh products.

As of 31 December 2024, there was no billed trade payable from the supply chain management business based on invoice date.

The main risks and uncertainties faced by supply chain management business include inventory depreciation risk, compliance and operational risk, cargo transportation risk, cargo custody risk and customer default risk, etc.

In 2024, Huifang Supply Chain focused on consumer goods such as grain and oil, fresh produce, etc., and accelerated the layout of the liquor market and the establishment of sales channels. The development direction of supply chain management business in the future is to actively expand partnerships with high-quality partners, establish long-term and large-volume supply chain cooperation, and play a role in contributing to revenue.

(d) *Equity Investment Business*

The following table sets out the operating information of the equity investment business as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total transaction number of new investment	1	4
Total transaction principal amount of new investment (principal) (RMB million)	2	24
Balance of investment at the end of the Reporting Year (principal) (RMB million)	83	81
Investment income (RMB thousand)	7,289	6,383

The equity investment business mainly relies on Huifang Rongcui and Suzhou Huifang Tongcui Business Management Consulting Partnership (Limited Partnership)* (蘇州匯方同萃企業管理諮詢合夥企業(有限合夥)) (“**Huifang Tongcui**”) as entities to carry out its business. Huifang Rongcui, established in 2021 with a registered capital of RMB100 million, is an indirect non-wholly owned subsidiary of the Company. The Company holds 90% of the equity interests in Huifang Rongcui. Huifang Tongcui, established in 2022 with a registered capital of RMB20 million, is an indirect non-wholly owned subsidiary of the Company. The Company holds 60% of the equity interests in Huifang Tongcui.

Aiming at creating a business pattern of coordinated development of creditor's rights and equity, the equity investment business cooperates with senior equity investment institutions based on national policy guidance. Investment areas mainly cover advanced manufacturing, semiconductor, new energy, biomedicine and other strategic emerging industries.

The main risks and uncertainties faced by equity investment business include the risk of business deterioration of the invested enterprise, the risk of regulatory policy changes, the systematic risk of financial market and contract risk, etc.

As of 31 December 2024, Huifang Rongcui cooperated with six senior equity investment institutions, intended investment being RMB75 million, with actual investment of RMB70 million. In addition, in order to develop the financial advisory business in the primary or secondary markets and form a linkage with existing equity investment business, Huifang Rongcui invested in Ningbo Gaoliu Xiyu Management Consulting Co., Ltd.* (寧波高流熙域管理諮詢有限公司) (“**Gaoliu Xiyu**”) with actual investment of RMB3 million, representing 15% of the equity interest.

In 2022, Huifang Tongcui has reached a cooperation intention with Suzhou Qianhui Zhitou Investment Management Co., Ltd* (蘇州乾匯智投資本管理有限公司) (“**Qianhui Investment**”), and set up Suzhou Qianhui Tongcui Venture Capital Partnership (LP)* (蘇州乾匯同萃創業投資合夥企業(有限合夥)) (“**Qianhui Tongcui**”) in a double general partners (“**Double GP**”) cooperation model. Huifang Tongcui and Qianhui Investment act as executive partners to Qianhui Tongcui, and Qianhui Investment acts as a manager to Qianhui Tongcui. The planned assets under management of Qianhui Tongcui is approximately RMB200 million and the subscribed assets under management of Qianhui Tongcui is RMB42 million. The investment period is 7 years. As of 31 December 2024, Huifang Tongcui intended to invest RMB20 million in Qianhui Tongcui and the actual investment was RMB10 million.

As of 31 December 2024, the balance of investment at the end of the Reporting Period (principal) was RMB83 million, representing an increase as compared with the corresponding period of last year. The main reason was the increase in the actual payment scale. The investment income was RMB7,289 thousand, representing an increase as compared with the corresponding period of last year. The main reason was the fact that certain invested companies in the investment portfolio continued to raise funds, resulting in gains from changes in fair value.

In 2024, with the tightening of initial public offerings regulations by the government, the exit channels for primary market investments were restricted and the equity investment encountered a cold market. Under this context, the Company adhered to a prudent and stable investment strategy, with an increased focus on the safety of assets. The development direction of equity investment business in the future is to pay attention to the policy trends in the equity investment market, prudently invest in new projects, attach

importance to post investment management, and urge managers to accelerate project exits through means such as the transfer of existing shares, negotiated repurchases, and mergers and acquisitions.

(e) *Special Asset Investment Business*

The following table sets out the operating information of the special asset investment business as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total transaction number of new investment	2	1
Total transaction amount of new investment (RMB million)	145	196
Balance of investment at the end of the		
Reporting Year (RMB million)	220	205
Investment income (RMB thousand)	—	2,243
Interest income (RMB thousand)	23,245	8,250

The special asset investment business mainly relies on Qingdao Wanchen, Suzhou Huifang Dinghe Business Management Company Limited* (蘇州匯方鼎合商業管理有限公司) (“**Huifang Dinghe**”) and Suzhou Huifang Dingqian Information Technology Services Co., Ltd.* (蘇州匯方鼎乾信息科技服務有限公司) (“**Huifang Dingqian**”), Suzhou Huifang Dingwu Information Technology Services Co., Ltd.* (蘇州匯方鼎吳信息科技服務有限公司) (“**Huifang Dingwu**”) as entities to carry out its business. Qingdao Wanchen, established in 2019 with a registered capital of RMB10 million, is an indirect wholly-owned subsidiary of the Company. Huifang Dingqian and Huifang Dingwu are both special purpose vehicles established for the purpose of conducting judicial auction financing and restructuring financing activities.

Special asset investment business makes full use of the Company’s industry position and resources of licensed asset management companies and banks to carry out special asset acquisition, disposal and operation. Special asset investment business mainly targets potential special assets such as commercial real estate, industrial real estate and residential real estate, as well as unsecured credit debts attached to the above-mentioned assets.

On 17 August 2023, the Group entered into the agreements with Suzhou Qingdong Hotel Management Limited* (蘇州慶東酒店管理有限公司) (“**Suzhou Qingdong**”) in relation to the acquisition and the disposal of Suzhou Guangda Education Technology Development Company Limited* (蘇州市廣大教育科技發展有限公司) (“**Guangda Education**”). As of the date of this announcement, the Company successfully disposed of Guangda Education.

On 16 January 2024, the Group entered into a pre-acquisition agreement with Jiangsu Anbo Intelligent Technology Co., Ltd.* (江蘇安泊智能科技有限公司) (“**Jiangsu Anbo**”) in relation to the acquisition and the disposal of the parcel of land and the six-storeys building thereon situated at No. 38 Luzhi Avenue, Wuzhong District, Suzhou, the PRC (“**Zhongzhu Square**”). During the Reporting Year, the Company successfully disposed of Zhongzhu Square.

On 11 October 2024, the Group acquired the property which comprises two buildings and the corresponding parcel of land located at No. 100 and Building 1, No. 100 Nanhu Road, Wuzhong District, Suzhou, the PRC (“**Hongzhuang Commercial Property**”) by way of the auction. On 16 December 2024, the Group entered into a pre-acquisition agreement with Suzhou Xinwei Enterprise Management Company Limited* (蘇州新威企業管理有限公司) (“**Suzhou Xinwei**”) in relation to the disposal of the Hongzhuang Commercial Property.

As of 31 December 2024, the balance of investment at the end of the Reporting Year was RMB220 million, representing an increase as compared with the corresponding period of last year. The main reason was the acquisition of the Hongzhuang Commercial Property. As of 31 December 2024, the interest income was RMB23,245 thousand, representing an increase as compared with the corresponding period of last year. This was mainly due to the increase in the interest income generated from the existing projects.

The main risks and uncertainties faced by special asset investment business include asset valuation risk, liquidity risk, operational risk, real estate value fluctuation risk and credit risk, etc.

In 2024, the special asset investment business focused on the field of financing in restructuring of companies and judicial auction of assets. It successfully exited the Zhongzhu Square project, having gone through a complete project operation cycle, which further enhanced the team’s experience and the business’s reputation in the industry. The development direction of special asset investment business in the future is to ensure the timely exit of the Hongzhuang Commercial Property project and to vigorously seek out new high-potential projects.

(f) *Insurance Brokerage Business*

The following table sets out the operating information of the insurance brokerage business as of 31 December 2024:

	For the year ended	
	31 December	
	2024	2023
Total transaction number	370	602
Sales income (RMB thousand)	309	827

The insurance brokerage business mainly relies on Huifang Anda as the entity to carry out its business. Huifang Anda, established in 2004 with a registered capital of RMB2.4 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and state-owned capital Suzhou Wuzhong Financial Investment Service Co., Ltd* (蘇州市吳中金融招商服務有限公司) and other institutions. The Company holds 65% of the equity interests of Huifang Anda.

The insurance brokerage business actively integrates the resources of the government and insurance companies, with the aim of providing credit, responsibility, professionalism and compliance with regulations, and align with the business development direction of large private enterprises, governments, state-funded platforms and foreign-funded enterprises. The scope of insurance agency covers property insurance, credit guarantee insurance, liability insurance and life insurance, etc.

As of 31 December 2024, the total transaction number and commission fee income of insurance brokerage business transactions were 370 and RMB309 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was the macroeconomic downturn, which has led to a lackluster demand for corporate insurance and intensified competition in the property insurance business.

The main risks and uncertainties faced by insurance brokerage business include the risk of government policy changes and contract risks, etc.

In 2024, the insurance brokerage business has implemented innovative management reforms, optimized team configurations, and actively promoted the introduction of new types of insurance products. The development direction of insurance brokerage business in the future is to strive to implement new co-insurance consortium partnerships, explore opportunities in sectors such as healthcare and education, and introduce competitive agent teams.

2. Financial Review

2.1 Overall Financial Data

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Operating Results		
Operating income	658,798	653,131
Net operating income	179,773	171,050
Net assets	2,202,689	2,165,618
General and administrative expenses	82,752	80,741
Income tax expenses	24,987	24,997
Profit attributable to equity holders	50,485	46,451
Basic earnings per share (expressed in RMB)	<u>0.046</u>	<u>0.043</u>

As of 31 December 2024, the operating income amounted to RMB658,798 thousand, representing an increase as compared with 2023. The main reason was that, despite the decline in sales revenue from supply chain management business, there was an increase in interest income generated from the financial leasing business and special asset management business, as well as an increase in interest income resulting from the expansion of the pawnshop business and technology micro-finance business scales. As of 31 December 2024, the profit attributable to equity holders amounted to RMB50,485 thousand, representing an increase as compared with 2023. The main reason was the increase in operating income attributed to the factors set out above.

2.2 Financial Analysis on two Principal Business Divisions

2.2.1 Inclusive Finance Business Division

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Operating income	240,951	220,592
Operating cost	23,364	17,115
Other non-operating losses	(140,639)	(115,603)
Profit before tax	<u>76,948</u>	<u>87,874</u>

As of 31 December 2024, the operating income amounted to RMB240,951 thousand, representing an increase as compared with 2023. The main reason was the increase in interest income resulting from the expansion of the pawnshop business and technology micro-finance business scales. As of 31 December 2024, the profit before tax amounted

to RMB76,948 thousand, representing a decrease as compared with 2023. The main reason was that the increase in credit impairment losses led to a decrease in profit before tax.

2.2.2 Ecology Finance Business Division

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Operating income	404,820	418,969
Operating cost	350,153	381,099
Other non-operating losses	7,427	(1,704)
Profit before tax	<u>62,094</u>	<u>36,166</u>

As of 31 December 2024, the operating income amounted to RMB404,820 thousand, representing a decrease as compared with 2023. The main reason was the decrease in sales income generated from the supply chain management business. As of 31 December 2024, the profit before tax amounted to RMB62,094 thousand, representing an increase as compared with 2023. The main reason was the increase in interest income generated from the special asset management business.

2.2.3 Headquarters and Others

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Operating income	24,269	27,421
Operating cost	19,970	22,398
Other non-operating losses	(47,328)	(37,402)
Losses before tax	<u>(43,029)</u>	<u>(32,379)</u>

As the core of the Group's progress and development, the headquarters has undertaken the service functions of investment management, risk prevention and control, scientific and technological support, logistics support, etc. In recent years, it has been committed to lowering costs and increasing efficiency. In the future, it will continue to promote refined management to increase income and reduce expenditure.

As of 31 December 2024, the operating income amounted to RMB24,269 thousand, representing a decrease as compared with 2023. As of 31 December 2024, the losses before tax amounted to RMB43,029 thousand, representing an increase in losses before tax as compared with 2023. The main reason was the increase in the fair value losses on investment properties.

3. Credit Risk

3.1 Loan Classification and Impairment Allowances

The following table contains an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	As at 31 December				
	2024			2023	
	ECL staging				
	Stage 1	Stage 2	Stage 3		
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL	Total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans to customers					
Secured loans to customers (a)	812,304	39,267	1,022,954	1,874,525	1,842,019
Unsecured loans to customers (b)	1,048,628	15,449	405,137	1,469,214	1,262,159
Gross carrying amount	1,860,932	54,716	1,428,091	3,343,739	3,104,178
ECL allowances	(33,307)	(14,302)	(778,144)	(825,753)	(794,632)
Carrying amount	<u>1,827,625</u>	<u>40,414</u>	<u>649,947</u>	<u>2,517,986</u>	<u>2,309,546</u>
Term deposits with banks					
Credit grade					
AAA	11,986	—	—	11,986	4,804
Gross carrying amount	11,986	—	—	11,986	4,804
ECL allowances	(164)	—	—	(164)	(164)
Carrying amount	<u>11,822</u>	<u>—</u>	<u>—</u>	<u>11,822</u>	<u>4,640</u>
Other current assets (excluding repossessed assets)					
Gross carrying amount	29,893	—	—	29,893	19,106
ECL allowances	(1,141)	—	—	(1,141)	(1,141)
Carrying amount	<u>28,752</u>	<u>—</u>	<u>—</u>	<u>28,752</u>	<u>17,965</u>
Financial assets held under resale agreement					
Gross carrying amount	221,390	—	—	221,390	203,842
ECL allowances	(3,527)	—	—	(3,527)	(3,827)
Carrying amount	<u>217,863</u>	<u>—</u>	<u>—</u>	<u>217,863</u>	<u>200,015</u>
Finance lease receivables					
Gross carrying amount	104,650	—	—	104,650	108,019
ECL allowances	(5,515)	—	—	(5,515)	(3,266)
Carrying amount	<u>99,135</u>	<u>—</u>	<u>—</u>	<u>99,135</u>	<u>104,753</u>

- (a) Secured loans to customers comprise real estate backed loans and movable property backed loans.
- (b) Unsecured loans to customers comprise equity interest backed loans, guaranteed loans and other unsecured loans.

The Group may suffer credit losses if its customers default on contractual obligations. As at 31 December 2024, the impairment allowance (including the provision of loss allowance and the write-off) for loans to customers granted by the Group was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Secured loans to customers^{(note (a))}		
Stage 1 & 2	15,345	10,875
Stage 3	476,814	514,937
Subtotal	<u>492,159</u>	<u>525,812</u>
Unsecured loans to customers^{(note (b))}		
Stage 1 & 2	32,264	35,353
Stage 3	301,330	233,467
Subtotal	<u>333,594</u>	<u>268,820</u>
 ECL allowances, total	 825,753	 794,632
Stage 1 & 2	47,609	46,228
Stage 3	<u>778,144</u>	<u>748,404</u>

Notes:

- (a) Secured loans to customers mainly comprise real estate backed loans and movable property backed loans.
- (b) Unsecured loans to customers mainly comprise equity interest backed loans and guaranteed loans and other unsecured loans.

The impairment allowance is measured based on the ECL model. Please refer to the consolidated financial statements for the major parameters, assumptions and judgments used in the model.

As at 31 December 2024, the aggregate impairment allowance for secured loans to customers and unsecured loans to customers amounted to RMB825,753 thousand, representing approximately 24.70% of the total outstanding loans granted to customers (before provision); the overall impairment allowance of the Company increased by RMB31,121 thousand as compared with the end of last year.

For loans to customers in Stage 1 & 2, the impairment allowance was determined by projecting the Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”) for every six months and for each individual exposure or collective segment, based on historical data. The main reason of the increase of the impairment allowance in Stages 1 & 2 during the Reporting Period was that the credit risk of certain loans granted to customers have changed significantly, resulting in an increase in the balance of the loans at Stage 2.

For impaired loans to customers in Stage 3, the impairment allowance is assessed by estimating the discounted future cash flows from the loans, and such assessment is re-performed for at least every six months.

For secured loans, the discounted cash flow is primarily dependant on the type of collaterals, their appraised value and estimated time for disposal. The main reason of the decrease of the impairment allowance for secured loans in 2024 was that the Group has been more cautious in granting loans, with the value of the collateral being sufficient to cover the book amount, resulting in a significant reduction in the impairment allowance provision ratio.

For unsecured loans, the discounted cash flow depend on the customer’s financial and operating conditions, as well as their own properties preserved by the Group. The main reason of the increase of the impairment allowance for unsecured loans in 2024 was that some loans granted to customers have become long-term past due, resulting in an increase in the balance of the loans at Stage 3.

The Group also entered into supplementary repayment agreements with certain secured or unsecured loan customers in order to maximise its interests. The Group adjusted the impairment allowance according to implementation of such agreements.

During the year ended 31 December 2024, financial assets written off amounted to RMB51.8 million. The write-off only occurs when the Group has exhausted all practical recovery efforts and its decision was made based on the following evidence showing it will not be able to recover its obligatory right after liquidating the customers’ property and pursuing repayment from the guarantor:

- (i) external evidence such as property settlement certificates issued by courts, arbitration tribunals or relevant government authorities; and
- (ii) internal evidence such as property recovery certificates, settlement reports, and legal opinions issued by the Group’s risk control department and internal lawyers.

3.2 New Loans under Legal Proceedings

	For the year ended 31 December	
	2024	2023
New Secured Loans		
Number of clients	99	68
Outstanding loans (RMB' thousand)	160,066	78,237
New Unsecured Loans		
Number of clients	2	1
Outstanding loans (RMB' thousand)	<u>60,000</u>	<u>20,000</u>

As at 31 December 2024, the balance of new secured loans under legal proceedings was RMB160,066 thousand and the balance of new unsecured loans under legal proceedings was RMB60,000 thousand. There is an increase of the balance of new loans under legal proceedings from the end of the previous year. The main reason was that the economic downturn has led to an increase in customers facing operational difficulties. After unsuccessful attempts at non-litigation methods, the Company has intensified its efforts in litigation resolution.

4. Borrowings

	2024 RMB'000	2023 RMB'000
Non-current		
Bank borrowings (note (a))	<u>334,000</u>	<u>351,600</u>
Current		
Bank borrowings (note (a) and (b))	425,020	300,654
Borrowings from other companies (note (c))	115,520	92,115
Borrowings from micro-finance companies (note (d))	95,000	110,000
Borrowings from the Group's former and existing employees (note (e))	128,043	79,850
Borrowings from the Ultimate Shareholders (note (f))	<u>10,000</u>	<u>—</u>
	<u>773,583</u>	<u>582,619</u>
	<u><u>1,107,583</u></u>	<u><u>934,219</u></u>

The Group's borrowings are all denominated in RMB.

Notes:

- (a) As at 31 December 2024, bank borrowing with principal amount of RMB180.0 million (2023: RMB189.0 million) bears a floating interest rate of the 5-year Loan Prime Rate minus 35 bps (2023: same), with Zhonghui Financial Building as the pledge. It is repaid in a scheduled instalments within 10 to 13 years. As at 31 December 2024 and 2023, there are no undrawn bank borrowing facilities.

As at 31 December 2024, bank borrowing with principal amount of RMB60.0 million (2023: RMB80.0 million) bears a fixed interest rate of 4.2% per annum (2023: same). It is secured by all shares of a subsidiary of the Group and guaranteed by two subsidiaries of the Group. It is repaid in a scheduled instalments within 4 years. As at 31 December 2024 and 2023, there are no undrawn bank borrowing facilities.

As at 31 December 2024, bank borrowing with principal amount of RMB32.0 million (2023: RMB Nil) bears a fixed interest rate of 4.0% per annum (2023: not applicable). It is secured by a subsidiary of the Group. It is repaid in a scheduled instalments within 7 years. As at 31 December 2024 and 2023, there are no undrawn bank borrowing facilities.

As at 31 December 2024, bank borrowings with total principal amount of RMB85.0 million (2023: RMB82.6 million) bear fixed interest rate ranging from 3.5% to 4.5% per annum (2023: 3.3% to 4.9% per annum). They are guaranteed by a subsidiary of the Group/secured by loans to a customer amounting RMB42.0 million/guaranteed by Wuzhong Group. They are repaid in a scheduled instalments within 2 to 3 years. As at 31 December 2024 and 2023, there are no undrawn bank borrowing facilities.

- (b) Current bank borrowings are all with maturity within one year and bear fixed interest rates ranging from 2.6% to 6.5% per annum (2023: same) as at 31 December 2024.

As at 31 December 2024, bank borrowings with principal amount of RMB19.0 million (2023: RMB20.0 million) are secured by structured deposits of RMB20.0 million (2023: RMB20.0 million).

As at 31 December 2024, bank borrowings with principal amount of RMB Nil million (2023: RMB88.0 million) are guaranteed by Wuzhong Jiaye and the Ultimate Shareholders (of which one of the Ultimate Shareholders has not provided any guarantee).

As at 31 December 2024, bank borrowings with principal amount of RMB86.0 million (2023: RMB Nil) are guaranteed by Wuzhong Group and Wuzhong Jiaye.

As at 31 December 2024, bank borrowings with principal amount of RMB70.0 million (2023: RMB40.0 million) are guaranteed by Wuzhong Group.

As at 31 December 2024, bank borrowings with principal amount of RMB10.0 million (2023: RMB20.0 million) are guaranteed by Suzhou Guofa Financing Guarantee Co., Ltd.

As at 31 December 2024, bank borrowing with principal amount of RMB10.0 million (2023: RMB10.0 million) is guaranteed by Jiangsu Jinchuang Financing Re-guarantee Co., Ltd.

- (c) As at 31 December 2024, borrowings from other companies bear fixed interest rates ranging from 6.5% to 9.0% per annum (2023: same).

- (d) As at 31 December 2024, borrowings from micro-finance companies with principal amount of RMB40.0 million (2023: RMB50.0 million) are guaranteed by Wuzhong Jiaye.
- (e) As at 31 December 2024, borrowings from the Group's employees bear a fixed interest rates of 7.5% per annum (2023: a fixed interest rates ranging from 7.5% to 8.0% per annum).
- (f) As at 31 December 2024, borrowings from one of the Ultimate Shareholders bear a fixed interest rate of 7.5% per annum (2023: not applicable).

The primary objectives of the Group's treasury management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value. The Group has continued to adopt a conservative treasury policy. The Board and management has been closely monitoring the Group's liquidity position, performing ongoing credit evaluations and monitoring the financial conditions of its customers in order to ensure the Group's healthy cash position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase the Company's shares or raise/repay debts.

As at 31 December 2024, the gearing ratio of the Group was 30.61%. The Group monitors capital risk on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings net of cash and cash equivalents. Total capital is calculated as "total equity" as shown in the condensed consolidated statement of financial position plus net debt. The Group's strategy is to maintain a gearing ratio below 50% and to meet the compliance requirements of Wuzhong Pawnshop on aggregate amount of loans to customers at all times.

For the year ended 31 December 2024, the Group did not use any financial instruments for hedging purposes.

5. Capital Expenditure

Our capital expenditure primarily consists of purchases of property, plant and equipment, intangible assets and investment properties. Our capital expenditure was RMB74,583 thousand for the year ended 31 December 2024, as compared with RMB10,913 thousand for 2023.

6. Exposure to Foreign Exchange Risk

For the year ended 31 December 2024, the net foreign currency gains of the Group were RMB19 thousand, representing a decrease as compared to the net foreign currency gains of RMB223 thousand for the corresponding period of last year. The Group is free from material foreign exchange risk and does not conduct any related hedging as it concludes deals in RMB.

7. Pledge of Assets

As at 31 December 2024, land-use rights and investment properties were pledged with banks to secure non-current bank borrowings with principal amount of RMB180.0 million (2023: RMB189.0 million).

As at 31 December 2024, structured deposits with principal amount of RMB20.0 million (2023: RMB20.0 million) of the Group were pledged with banks to secure the Group's borrowings with principal amount of RMB19.0 million (2023: RMB20.0 million).

As at 31 December 2024, term deposits with a bank of RMB11.7 million (2023: RMB3.0 million) of the Group have been pledged for notes payable of RMB31.7 million (2023: RMB4.6 million).

Save as disclosed above, for the year ended 31 December 2024, the Group did not have any pledge of assets.

8. Significant Investments, Acquisition and Disposal

8.1 Acquisition and Disposal of Guangda Education

The Group participated in the restructuring of Guangda Education, a company incorporated in the PRC and principally engaged in hotel operations, through its cooperation with Suzhou Qingdong. On 17 August 2023, Huifang Dinghe, an indirect wholly-owned subsidiary of the Company, entered into a tripartite agreement with Guangda Education and Suzhou Qingdong to agree that Huifang Dinghe shall act as the restructuring investor in place of Suzhou Qingdong to acquire the entire interest in Guangda Education from the administrator at a restructuring investment amount of RMB196.0 million and a nominal acquisition consideration of RMB1.

On the same date, Huifang Supply Chain, another indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with Suzhou Qingdong to agree that (1) Suzhou Qingdong shall pay a cooperation deposit in the amount of RMB50.0 million to Huifang Supply Chain; and (2) within twelve months of the acquisition of Guangda Education, Suzhou Qingdong shall acquire the entire equity interest in Huifang Dinghe from Huifang Supply Chain at a disposal consideration (which includes the settlement of all debts and liabilities incurred by Huifang Dinghe and Huifang Supply Chain as a result of the acquisition of Guangda Education) of approximately more than RMB200 million, in accordance with the cooperation agreement.

In addition, on the same date, Qingdao Wanchen, another indirect wholly-owned subsidiary of the Company, entered into a consultation services agreement with Suzhou Qingdong in relation to the provision of consultation services by Qingdao Wanchen to Suzhou Qingdong in respect of the bankruptcy restructuring of Guangda Education at a consultation fee of RMB1.5 million.

For further details of the above-mentioned transactions, please refer to the announcement of the Company dated 17 August 2023 and the supplemental announcement of the Company dated 30 August 2023.

The commercial substance of the aforementioned series of transactions is to provide Suzhou Qingdong with the necessary financing for its acquisition of Guangda Education. Following the completion of the acquisition of Guangda Education, the acquisition consideration of Guangda Education is accounted for as financial assets held under resale agreement, and the difference between the acquisition consideration and the disposal consideration of Guangda Education upon the completion of disposal of the entire equity interest in Huifang Dinghe is recognised as interest income during the term of the cooperation agreement using the effective interest method.

As of 31 December 2024, the acquisition of Guangda Education has been completed. The Company has actively followed up the progress of the disposal of Guangda Education and the disposal has been completed on 20 February 2025. As at 31 December 2024, the fair value of Guangda Education which was accounted for as financial assets held under resale agreement was RMB217.9 million, accounting for 6.22% of the total assets of the Group. For the year ended 31 December 2024, the Group achieved consulting service income of RMB0.9 million and interest income of RMB17.5 million through this investment. The strategy of the Group is to actively seek opportunities in relation to provision of financing solutions to customers in the areas of restructuring of companies and judicial auction of assets. The Board considers that the income from the acquisition and the disposal represents an opportunity for the Group to generate an investment return while providing services to its customers within its ordinary and usual course of business, thereby creating a win-win situation. The Board has discussed and approved the transaction mentioned above and is of the view that such transactions will bring benefits and create value to the Company and its shareholders as a whole.

8.2 Acquisition and Disposal of Zhongzhu Square

Huifang Supply Chain and Jiangsu Anbo established Suzhou Huifang Zhongde Enterprise Management Consulting Co., Ltd.* (蘇州匯方仲德企業管理諮詢有限公司) (“**Huifang Zhongde**”) and Suzhou Huifang Yunqi Information Technology Co., Ltd.* (蘇州匯方雲啟企業管理諮詢有限公司) (“**Huifang Yunqi**”), a wholly-owned subsidiary of Huifang Zhongde. Huifang Yunqi is a special purpose vehicle for the purpose of the acquisition of Zhongzhu Square.

On 16 January 2024, Huifang Supply Chain and Jiangsu Anbo entered into a pre-acquisition agreement, pursuant to which Huifang Yunqi shall participate in the auction with a view of acquiring Zhongzhu Square from the Suzhou Wuzhong People’s Court. On the same date, Huifang Yunqi successfully won the auction at the consideration of RMB88.4 million. Upon completion of the acquisition, Huifang Yunqi shall be the registered owner of Zhongzhu Square.

On 16 January 2024, Qingdao Wanchen and Jiangsu Anbo entered into a consultation services agreement, pursuant to which Qingdao Wanchen shall provide to Jiangsu Anbo consultation services in respect of the acquisition of Zhongzhu Square for a one-year term at a consultation fee of RMB710 thousand.

According to the Pre-acquisition Agreement, Jiangsu Anbo shall effect the disposal of 95% of the equity interest by Huifang Supply Chain in Huifang Zhongde to Jiangsu Anbo at the amount of RMB96.67 million (subject to adjustment). Jiangsu Anbo shall pay the disposal consideration in full on or before 28 February 2025 in accordance with the pre-acquisition agreement.

For further details of the above-mentioned transactions, please refer to the announcement of the Company dated 16 January 2024 and the supplemental announcement of the Company dated 31 January 2024.

The commercial substance of the aforementioned series of transactions is to provide Jiangsu Anbo with the necessary financing for its acquisition of Zhongzhu Square. Following the completion of the acquisition, the acquisition consideration will be accounted for as financial assets held under the resale agreement, and the difference between the acquisition consideration and the disposal consideration is recognized as interest income during the term of the pre-acquisition agreement using the effective interest method.

As of 31 December 2024, the acquisition and disposal of Zhongzhu Square have been completed. For the year ended 31 December 2024, the Group achieved consulting service income of RMB0.7 million and interest income of RMB5.7 million through this investment. The strategy of the Group is to actively seek opportunities in relation to provision of financing solutions to customers in the areas of restructuring of companies and judicial auction of assets. The Board considers that the income from the acquisition and the disposal represents an opportunity for the Group to generate an investment return while providing services to its customers within its ordinary and usual course of business, thereby creating a win-win situation. The Board has discussed and approved the transaction mentioned above and is of the view that such transactions will bring benefits and create value to the Company and its shareholders as a whole.

8.3 Acquisition and Disposal of the Hongzhuang Commercial Property

Suzhou Huifang Hezhong Enterprise Management Consulting Co., Ltd.* (蘇州匯方合眾企業管理諮詢有限公司) (“**Huifang Hezhong**”), an indirect wholly-owned subsidiary of the Company, participated in the auction and successfully won the auction in respect of the Hongzhuang Commercial Property for a consideration of RMB70,833,420 on 11 October 2024.

On 16 December 2024, Huifang Supply Chain, an indirect wholly-owned subsidiary of the Company, and Suzhou Xinwei entered into the pre-acquisition agreement, pursuant to which, Huifang Supply Chain shall dispose and Suzhou Xinwei shall acquire 100% equity interest in Huifang Dingqian for the disposal consideration in the amount of RMB76,988,420 (subject to adjustment). Upon completion of the disposal, the Group will no longer have any interest in

Huifang Dingqian and its subsidiary, Huifang Hezhong, each of which will cease to be a subsidiary of the Group. Huifang Hezhong is the registered owner of the Hongzhuang Commercial Property.

For further details of the above-mentioned transactions, please refer to the announcement of the Company dated 13 October 2024 and the announcement of the Company dated 16 December 2024 in relation to the acquisition and disposal of the Hongzhuang Commercial Property.

The commercial substance of the aforementioned series of transactions is to provide Suzhou Xinwei with the necessary financing for its acquisition of the Hongzhuang Commercial Property. Following the completion of the acquisition, the acquisition consideration will be accounted for as loans to customers, and the difference between the acquisition consideration and the disposal consideration is recognised as interest income during the term of the pre-acquisition agreement using the effective interest method.

As of 31 December 2024, the acquisition of the Hongzhuang Commercial Property has been completed and the Company will pay close attention to the progress of the disposal of the Hongzhuang Commercial Property in the future. As at 31 December 2024, the fair value of the Hongzhuang Commercial Property which was accounted for as loans to customers was RMB56.7 million, accounting for 1.6% of the total assets of the Group. The strategy of the Group is to actively seek opportunities in relation to provision of financing solutions to customers in the areas of restructuring of companies and judicial auction of assets. The Board considers that the income from the acquisition and the disposal represents an opportunity for the Group to generate an investment return while providing services to its customers within its ordinary and usual course of business, thereby creating a win-win situation. The Board has discussed and approved the transaction mentioned above and is of the view that such transactions will bring benefits and create value to the Company and its shareholders as a whole.

As at 31 December 2024, save for the acquisition and disposal of Guangda Education, the fair value of each of the abovementioned investments was less than 5% of the total assets of the Group. As at 31 December 2024, save for the acquisition and disposal of Guangda Education, the Group did not hold significant investments in the equity interests of any other companies. Save as disclosed above, the Group did not have any other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Year.

9. Contingencies, Contractual Obligations and Cash Usage Analysis

9.1 Contingencies

As at 31 December 2024, the Group did not have any significant contingent liabilities (31 December 2023: the Group did not have any significant contingent liabilities).

9.2 Commitments

(a) Capital commitments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Suzhou Cibe (note (a))	42,868	39,626
Qianhui Tongcui (note (b))	10,000	10,000
Kangli Junzhuo (note (c))	5,000	5,000
Zhongxin Hengyuan	—	2,000
	<u>57,868</u>	<u>56,626</u>

Notes:

- (a) The committed capital injection to Suzhou Cibe is RMB45 million, of which RMB42.9 million (31 December 2023: RMB39.6 million) has not been paid by the Group as at 31 December 2024.
- (b) The committed investment injection to Qianhui Tongcui is RMB20.0 million, of which RMB10.0 million (31 December 2023: RMB10.0 million) has not been paid by the Group as at 31 December 2024.
- (c) The committed investment injection to Kangli Junzhuo is RMB10.0 million, of which RMB5.0 million (31 December 2023: RMB5.0 million) has not been paid by the Group as at 31 December 2024.

9.3 Cash Usage Analysis

As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB136,071 thousand, representing a decrease of RMB1,203 thousand as compared with that of 2023. The Group's cash and cash equivalents were denominated in RMB, USD and HKD. The following table sets forth a summary of our cash flows for the indicated periods:

	For the year ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Net cash outflow from operating activities	(77,774)	(254,186)
Net cash (outflow)/inflow from investing activities	(59,049)	4,797
Net cash inflow from financing activities	<u>136,048</u>	<u>189,918</u>
Net decrease in cash and cash equivalents	(775)	(59,471)
Cash and cash equivalents at the end of year	<u>136,071</u>	<u>137,274</u>

Net Cash Flow from Operating Activities

During the Reporting Year, net cash outflow from operating activities amounted to RMB77,774 thousand, representing a decrease as compared with 2023. The main reason was that there was a significant cash outflow due to the acquisition of Guangda Education in 2023, and no such expenditure occurred during the Reporting Year.

Net Cash Flow from Investing Activities

During the Reporting Year, net cash outflow from investing activities amounted to RMB59,049 thousand, representing an increase as compared with 2023. The main reason was that there was a significant cash outflow due to the acquisition of Hongzhuang Commercial Property.

Net Cash Flow from Financing Activities

During the Reporting Year, net cash inflow from financing activities amounted to RMB136,048 thousand, representing a decrease as compared with 2023. This was due to the decrease in the capital contributions of non-controlling interests and the increase in the repayments of borrowings.

10. Human Resource and Employee Benefits

As at 31 December 2024, the Group had a total of 156 full-time employees, with a decrease of 4 person from 160 people as at 31 December 2023. The Company carried out human resource optimization and adjusted the number of our employees and our remuneration policy based on the development of our business and review of our employees' performance.

For the year ended 31 December 2024, the expenses for employee remuneration and benefits were approximately RMB44,089 thousand, representing an increase of approximately RMB3,333 thousand compared with the same period of last year.

The Group reviews its remuneration policy on an annual basis and discretionary bonus is paid on an annual basis with reference to the Group's performance and individual performance. A share option scheme of the Company was also adopted in 2014 to incentivize and reward its employees and Directors for their contribution to the Group and expired on 25 May 2024. We adhere to fostering a working environment with opportunities for learning and career development for our employees, and the Group provides employees with a comprehensive range of staff training scheme, including financial knowledge, compliance and leadership management, so as to help them achieve both their personal and professional development goals.

Pursuant to the applicable PRC regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. We have been in compliance with all statutory social insurance and housing fund obligations applicable to us under the PRC laws in all material respects. We are not subject to any collective bargaining agreements.

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees become entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made and cannot use the forfeited contributions.

Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the employee leaves the Group.

11. Future Plans Relating to Material Investments

Save as the capital commitments disclosed in paragraph 9.2 to this announcement, the Group has no other plans for material investments or acquisition of capital assets. However, the Group will continue to seek new business development opportunities. The investment amount will be funded by the internal resources and bank financing of the Group.

12. Events After Reporting Year

12.1 *Proposed final dividend*

A final dividend in respect of the year ended 31 December 2024 of HK\$0.03 per share, amounting to a total dividend of HK\$32.7 million (equivalent to RMB30.3 million), is to be proposed at the annual general meeting on 28 May 2025. These consolidated financial statements do not reflect this dividend payable.

PROSPECTS

Inclusive Finance Business Division: The Company will promote the integration and efficiency improvement of the team of Suzhou, implement a business development strategy for real estate backed loans that focuses on both large-sums and small-sums loans; select the best opportunities in the equity interest backed loan business for listed companies to enhance industry reputation; and pay close attention to market trends in the art investment business, dynamically adjusting the scale of operations.

Ecology Finance Business Division: The commercial factoring and financial leasing businesses will focus on high-quality assets with a high safety margin and strong guarantees, leveraging the advantage of a high financing leverage ratio, and employing multiple strategies to introduce external funds. The special asset management business will accelerate the identification of commercial and industrial real estate targets that align with risk preferences, thereby enriching the project reserve.

Headquarters: Make every effort to optimize existing assets, improve the quality of credit assets, accelerate the handling of litigation cases, increase the total amount of financing, and control financial costs; Vigilantly guard against variables, closely monitor market trends and changes in asset prices, strictly control business access, and strengthen post-loan management; Leave no stone unturned to expand increments, achieve the best selection among asset categories in each business unit, and dynamically balance the business structure; Be meticulous in management, deeply advance human resource optimization, adjust performance assessment models, and implement a system of eliminating the least performers.

FINAL DIVIDEND

The Board has proposed to declare a final dividend of HK\$0.03 per share in respect of the year ended 31 December 2024 (the “**2024 Final Dividend**”) (2023: HK\$0.02). The 2024 Final Dividend will be paid to the shareholders of the Company (“**Shareholders**”) whose names appear on the register of members of the Company at the close of business on Thursday, 5 June 2025. Based on the 1,090,335,000 shares of the Company in issue as at 31 December 2024, the payment of the 2024 Final Dividend is expected to amount to approximately HK\$32.7 million, which will be paid on or before Monday, 30 June 2025. The retained profit will be primarily used for the Group’s business developments and/or acquisitions in the PRC.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Year, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

Following the resignation of Ms. Zhang Shu as a non-executive director on 28 May 2024, the Company had a single gender board which did not meet the requirement under Rule 13.92 of the Listing Rules. With the appointment of Ms. Deng Linyan as non-executive Director on 7 March 2025, the Board has achieved gender diversity and thus has fulfilled the requirement under Rule 13.92 of the Listing Rules.

Save as disclosed above, in the opinion of the Board, the Company has complied with the applicable principles and code provisions as set out in the CG Code throughout the Reporting Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all the Directors, and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Year.

ANNUAL RESULTS AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company has held a meeting with the auditors of the Company to review the annual results of the Group for the year ended 31 December 2024.

The figures in respect of the results announcement of the Group for the year ended 31 December 2024 have been compared and agreed by the Group's auditors, RSM Hong Kong, with the amounts set out in the Group's audited consolidated financial statements for the Reporting Year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 28 May 2025. A notice convening the annual general meeting of the Company will be issued to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 22 May 2025 to Wednesday, 28 May 2025 (both dates inclusive) and from Wednesday, 4 June 2025 to Thursday, 5 June 2025 (both dates inclusive), during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Wednesday, 21 May 2025. In order to qualify for the proposed final dividend (subject to the approval by Shareholders at the forthcoming annual general meeting), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the abovementioned address for registration by 4:30 p.m. on Tuesday, 3 June 2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.cnhuirong.com). The annual report for the year ended 31 December 2024 containing all relevant information required by Appendix D2 to the Listing Rules will be issued to the Shareholders and available on the above websites in due course.

DEFINITION

Unless otherwise required by the context, terms used in this announcement shall have the same meanings as those defined in the interim report 2024.

By Order of the Board
China Huirong Financial Holdings Limited
WU Min
Chairman

Suzhou, China, 28 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. Wu Min, Mr. Qiu Wei, Mr. Zhang Changsong and Mr. Yao Wenjun, the non-executive directors of the Company are Mr. Mao Zhuchun and Ms. Deng Linyan and the independent non-executive directors of the Company are Mr. Liang Jianhong, Mr. Feng Ke and Mr. Tse Yat Hong.

* *For identification purpose only*